Orion Gold NL

ABN 76 098 939 274

ANNUAL FINANCIAL REPORT

30 JUNE 2015

Corporate Directory

DIRECTORS

Mr Denis Waddell (Non-executive Chairman)
Mr Errol Smart (Managing Director/CEO)
Mr William Oliver (Technical Director/COO)
Mr Alexander Haller (Non-executive Director)

COMPANY SECRETARY

Mr Kim Hogg

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 2
64 Thomas Street
West Perth, Western Australia, 6005
Telephone: +61 8 9485 2685
Website: www.oriongold.com.au

SHARE REGISTRY

Link Market Services Limited
178 St Georges Terrace
Perth, Western Australia 6000
Telephone: +61 1300 306 089

AUDITORS

RSM Bird Cameron Partners
55 Collins Street
Melbourne
Victoria 3000

STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX)
ASX Code: ORN

LEGAL ADVISORS

Clayton Utz
Level 18, 333 Collins Street
Melbourne
Victoria 3000

Directors' Report

Your directors submit their report for the year ended 30 June 2015.

BOARD OF DIRECTORS

The names of the directors of Orion Gold NL (**Company**) in office at any time during or since the end of the financial year:

Mr Denis Waddell	-	Non-executive Chairman
Mr Errol Smart	-	Managing Director/CEO
Mr William Oliver	-	Technical Director/COO
Mr Alexander Haller	-	Non-executive Director

The experience, qualification, special responsibilities and other directorships of the directors are as follows.

Name	Experience, qualifications, special responsibilities and other directorships
Mr Denis Waddell Non-executive Chairman (Appointed 27 February 2009)	Mr Waddell is a Chartered Accountant with extensive experience in the management of exploration and mining companies. Mr Waddell founded Tanami Gold NL in 1994 and was involved with the Company as Managing Director and then Chairman and Non-Executive Director until 2012. Prior to founding Tanami Gold NL, Mr Waddell was the Finance Director of the Metana Minerals NL group. During the past 30 years, Mr Waddell has gained considerable experience in corporate finance and operations management of exploration and mining companies. **Qualifications** ACA, FAICD **Directorships in the past three years** Tanami Gold NL
Mr Errol Smart Managing Director and CEO (Appointed 26 November 2012)	Mr Smart is a geologist, registered with the South African Council of Natural Scientific Professionals, a Recognised Overseas Professional Organisation for JORC purposes. Mr Smart has more than 24 years of industry experience across all aspects of exploration, mine development and operations with experience in precious and base metals. Mr Smart has a wealth of public and private company corporate experience and has been on the founding teams and managed a number of exploration and mining companies throughout Africa and has had strong exposure to Australian projects. Mr Smart has held positions in Anglogold, Cluff Mining, Metallon Gold, Clarity Minerals and LionGold Corporation. In his role at LionGold, Mr Smart was responsible for project acquisition and growth of the company, which saw it become the first gold mining company to be listed on the main board of the Singapore Stock Exchange. **Qualifications** BSc(Hons) Geology (University of Witwatersrand) NHD Economic Geology (Technikon Witwatersrand)

Directors' Report (continued)

Mr William Oliver Technical Director and COO (Appointed 7 April 2014)	Mr Oliver is a geologist with over 15 years' experience in the international resources industry working for both major and junior companies. Mr Oliver has had wide-ranging exploration experience with considerable success and has expertise in project identification and acquisition. Mr Oliver has led exploration teams in Europe and Australia, including senior roles with Harmony Gold, Iberian Resources, BC Iron and Bellamel Mining, and most recently was the Managing Director of Signature Metals. **Qualifications** BSc (Hons) Geology (UWA), Grad Dip App Fin (FINSIA), MAIG, MAusIMM **Directorships in the past three years** Celsius Coal Ltd Minbos Resources Ltd
Mr Alexander Haller Non-executive Director (Appointed 27 February 2009)	Mr Haller is a partner of Zachary Capital Management, providing advisory services to a number of private investment companies, including Silja Investment Ltd, focusing on the principal investment activities for these companies. From 2001 to 2007 Mr Haller worked in the corporate finance division at JPMorgan in the U.S, advising on corporate mergers and acquisitions as well as financing in both the equity and debt capital markets. **Qualifications** BSc (Economics) **Directorships in the past three years** Shaft Sinkers PLC

DIRECTORS COMMITTEE MEMBERSHIPS

	Audit
Mr Denis Waddell	Chairman
Mr Errol Smart	Member
Mr Alexander Haller	Member

COMPANY SECRETARY

The name and details of the Company Secretary in office during the financial year and until the date of this report is as follows:

Name	**Experience, qualifications, and special responsibilities**
Mr Kim Hogg Company Secretary (Appointed 30 May 2014)	Mr Kim Hogg has worked in the private sector for more than 20 years as a principal of an accounting practice, providing specialist services to clients seeking to raise capital and list on the ASX. Mr Hogg has predominantly been involved in the preparation of prospectuses and in compliance work as company secretary for both listed and unlisted entities, and is currently secretary of several ASX listed companies. **Qualifications** BCom

CORPORATE STRUCTURE

Orion Gold NL is a no liability company that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, being the wholly-owned subsidiaries Kamax Resources Limited and Goldstar Resources (WA) Pty Ltd (referred to as the **Group**).

Directors' Report (continued)

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was exploration and evaluation of the Connors Arc Epithermal Gold Project in central Queensland, the Fraser Range Project in Western Australia and the Walhalla Gold and Polymetals Project in Victoria. There were no significant changes in the nature of the Group's principal activities during the year.

OPERATING AND FINANCIAL REVIEW

Operations

During the 2015 financial year the Company continued to actively explore its projects in Queensland and Western Australia, despite the prevailing market conditions. The Connors Arc Project in Queensland saw a substantial increase in activity with field work and geophysical surveys completed, resulting in two programs of drilling being undertaken. In Western Australia, drilling was carried out at the Fraser Range Project, and a substantial number of new targets were generated by processing and modelling of project wide geophysical data.

Connors Arc Epithermal Gold Project (Queensland)

Commencing in August 2014, an intensive field campaign of mapping and sampling was conducted at the Connors Arc Project. This work led to the identification of a substantial epithermal gold-silver system at the Aurora Flats Prospect and the discovery of a new epithermal system to the north of Aurora Flats named the Veinglorious Prospect.

At Aurora Flats, diagnostic epithermal textures observed in outcrop and prospective geochemistry in shallow drilling led to a maiden drill program, which successfully intersected epithermal veins at depth. The best result returned in drilling was 9 metres at 0.45g/t Au and 27.7g/t Ag from 229 metres in AFRCD012 (including 3m at 1.10g/t Au and 59.0g/t Ag from 235 metres, refer ASX Release 17 February 2015) yet, more encouragingly, analysis of geochemical and Visible-Short Wave Infrared data indicates the veins were intersected well above the zone where conditions would favour gold deposition. An induced polarisation survey was also carried out at Aurora Flats Prospect, across the mapped epithermal veins.

At the Veinglorious Prospect, drilling in early 2015 resulted in the intersection of significant silver mineralisation as well as geochemical signatures prospective for both epithermal and porphyry-style gold mineralisation. Recent field work (mapping, sampling and ground magnetics) resulted in the identification of extensions and repetitions of the Veinglorious vein system, increasing the cumulative strike length of mapped veining at Veinglorious to 4.2 kilometres.

Follow up drilling is planned at both the Aurora Flats and Veinglorious prospects based on targets derived from the Company's initial drilling and subsequent work including surface geochemical surveys and high resolution ground magnetics.

Fraser Range – Gold-Nickel-Copper Project (Western Australia)

First pass shallow aircore / RC drilling at the Pennor Prospect was carried out in August 2014 and confirmed the presence of a substantial mafic-ultramafic intrusion. Drilling intersected numerous mafic-ultramafic lithologies with elevated Ni-Cu content and magmatic sulphides. Geochemical analysis confirmed that the Pennor and HA2 intrusions are part of the same intrusive complex, and that magmatic processes have acted to concentrate Ni-Cu bearing sulphides at areas within the system.

Geological and geochemical targets were defined by drilling results with assays covering an area of 1.8km^2 returning significantly anomalous values (>500ppm Ni). These anomalous intersections defined a largely coherent area of elevated nickel-copper coincident with the most prospective lithologies. The areas of interest lie close to the interpreted contacts of the mafic intrusive and are consistent with the deposit model for magmatic nickel-copper mineralisation. Based on these target areas, two ground electromagnetic surveys were carried out to try and detect sulphide concentrations with no bedrock conductors defined.

Directors' Report (continued)

Exploration of the wider Fraser Range Project focussed on looking for previously unmapped mafic-ultramafic intrusions and prospective locations for massive sulphide mineralisation under cover. Modelling of ground gravity data collected earlier in 2014 resulted in the identification of a substantial number of interpreted intrusive bodies based on the characteristic specific gravity of mafic bodies in the Albany-Fraser Belt. Significantly a number of these targets are in areas where airborne electromagnetic (**EM**) surveys were not effective.

Given the scale of the exploration programs required to adequately test these targets, the Company is in discussions with several parties who have expressed interest to become involved in the Company's Fraser Range Projects. Involvement from these interested parties could provide both additional technical capability and potential financing for expanded exploration efforts on the Company's large tenement holding. Discussions with various parties are ongoing.

Walhalla Gold and Polymetals Project (Victoria)

During the period, desktop studies were undertaken by the Company and focussed on the collection of data acquired by the Company from recent programs to assess potential mineralisation targets for copper, nickel and platinum group elements (**PGE's**).

During the period EL3311 expired. Following a moratorium period, the Company has applied for EL6069 which covers a portion of the former EL3311 and specifically overlies the Company's mineral resources.

On 29 August 2014, the Company announced to the ASX that it had entered into an Option Agreement with A1 Consolidated Gold Limited (**A1 Gold**) where A1 Gold may acquire the Company's Walhalla Project tenements in Victoria with the Company retaining certain rights to known polymetal prospects and any further polymetal deposits discovered. Under the terms of the Option Agreement, the Company's Walhalla Gold Project was managed by A1 Gold. Refer to the Corporate section below and Note 20 for further details.

Corporate

Walhalla Project – Sale of Mining Tenement

On 29 August 2014, the Company announced that it had entered into an agreement with A1 Gold, where A1 Gold had an option to acquire the Company's Walhalla Project tenements in Victoria with the Company retaining certain rights to known polymetal prospects and any further polymetal deposits discovered. The agreement expired unexercised on 31 July 2015. Subsequent to year end, the Company announced that it had entered into a binding term sheet with A1 Gold for A1 Gold to acquire the Company's Walhalla Project mining tenement 5487, which includes the Eureka and Tubal Cain deposits. Refer to Note 20 for further details.

Capital Raising

On 29 September 2014, the Company announced that it had received underwriting commitments of $1,000,000 for a pro-rata renounceable entitlements issue (**Entitlements Issue**) to shareholders. The maximum amount to be raised under the Entitlements Issue was approximately $2,430,000 at 3.0 cents per fully paid ordinary share (**Share**). Eligible shareholders were entitled to participate in the Entitlements Issue on the basis of one Share for every three Shares held. Shareholders were also given priority to apply for shortfall shares in addition to their entitlement.

The Entitlements Issue was underwritten to an aggregate amount of $1,000,000. Underwriters included entities associated with the Company's directors, Mr Denis Waddell ($500,000) inclusive of the amount drawn down under the Tarney Facility and Mr Errol Smart ($100,000), as well as other professional investors.

Acceptances under the Entitlements Issue closed on 21 November 2014 and on 28 November 2014 the Company issued 12,026,515 Shares totalling $360,795, with a shortfall of 69,246,275 Shares including an underwritten shortfall of 21,306,820 Shares.

On 19 December 2014 the Company issued 47,856,062 Shares to underwriters to finalise their underwriting commitments in relation to the Company's Entitlements Issue and for take-up of shortfall in relation to the Entitlements Issue.

On 12 February 2015, the Company issued a further 1,928,999 Shares as part of the shortfall placement, raising $57,870.

Directors' Report (continued)

Managing Director and CEO Remuneration

On 20 October 2014, the Company announced a revised remuneration structure agreement with Errol Smart, the Company's Managing Director and CEO.

The revised remuneration package, whereby Mr Smart has significantly reduced the cash component of his package, reflects the Board's continuing cost cutting measures and agreement with key personnel to reduce corporate costs where possible, to achieve the maximum amount of funds going into in-ground exploration expenditure at the Connors Arc Epithermal Project (Qld) and the Company's Fraser Range (WA) Projects.

The principal components of Mr Smart's remuneration are as follows:

1. Fixed component of $120,000 per annum;
2. Short term incentives remain at the discretion of the Board and shall be based upon achievement of performance targets to be set by the Board periodically;
3. The Company may terminate Mr Smart's employment at any time on 1 months' notice. The employment contract does not require any termination payments, other than payment in lieu of notice (if applicable).

   Mr Smart may terminate his employment with the Company at any time on 1 months' notice.

The revised agreement included option and share arrangements, which were apart of Mr Smart's remuneration package announced on 29 January 2013 following Mr Smart's appointment on 26 November 2012.

Research and Development Tax Incentive

During the year, the Company received a research and development (**R&D**) Tax Incentive rebate from the Australian Taxation Office of $1,221,467. During the year ended 30 June 2014, the Company incurred eligible R&D expenditure from which the rebate was calculated.

For the year ended 30 June 2015, the Company incurred eligible expenditure in relation to R&D and a claim is being finalised. No receivable has been recognised as there is still some uncertainty surrounding its receipt. Further, the receipt is still contingent upon acceptance from both AusIndustry and the Australian Taxation Office.

Results of operations – the Group

The Group recorded a loss of $3,362,961 (2014: $12,866,030) after tax for the year. The result was affected considerably by impairment of exploration assets of $1,625,527 (2014: $9,549,838) and exploration expenditure incurred of $823,273 which, under the Group's deferred exploration, evaluation and development policy, did not qualify to be capitalised and was expensed. Net cash used in operating activities totalled $1,449,917 (2014: $2,631,687) and in investing activities totaled $1,287,846 (2014: $3,207,627). For the year, the Group's net cash used in exploration and evaluation activities was $3,271,654 (2014: $4,941,665). Cash on hand at the end of the year was $118,279 (2014: $875,758).

The Group continues to focus strongly on exploration within its Connors Arc Epithermal Gold Project (Queensland), Fraser Range – Gold-Nickel-Copper Project (Western Australia) and its Walhalla Polymetals Project (Victoria). A total of $3,015,581 (2014: $6,055,476) in exploration expenditure was incurred during the year. The Group undertook a review of the carrying value of each exploration area of interest. As a result, the carrying value of deferred exploration, evaluation and development expenditure was written down by $1,625,527 due to analysis performed by management indicating that the capitalised exploration on an area of interest would not be recoverable by the Company as successful future development is not expected.

The basic loss per share for the Group for the year was 1.08 cents and diluted loss per share for the Group for the year was 0.84 cents (2014: loss per share 6.94 cents and diluted loss per share 6.94 cents).

No dividend has been paid during or is recommended for the financial year ended 30 June 2015.

Directors' Report (continued)

Business Strategies
The Company will continue to focus on exploration within its Connors Arc Epithermal Gold Project (Queensland), Fraser Range – Gold-Nickel-Copper Project (Western Australia) and its Walhalla Polymetals Project (Victoria).

The Company is reviewing a number of new project areas for possible acquisition, ranging from exploration projects in prospective terrains to more advanced projects that have the potential to generate cash flow through near-term production. These other opportunities may include making investments in resource assets outside of gold or nickel and/or in jurisdictions outside of Australia.

Risks to the Business
Risks to the business are rated on the basis of their potential impact on the Group as a whole after taking into account current mitigating actions. Investors should be aware that the below list is not an exhaustive list and that there are a number of other risks associated with an investment in the Company. The Group regularly reviews the possible impact of these risks and seeks to minimise their impact through its internal controls, risk management policy, and corporate governance. The following describes the principal risks and uncertainties that could materially impact the Group:

- Each of the Group's key exploration targets remain in the exploration phase. Future exploration programs require substantial levels of expenditure to ensure that Group's tenements are held in good standing. The Group is currently reliant on the capital and debt markets to fund its ongoing operations and therefore any unforeseeable events in these markets may impact the Group's ability to finance its future exploration projects;
- Interests in tenements held by the Group are governed by Federal and State legislation and are evidenced by the granting of mining or exploration licences. These licences are subject to periodic review and compliance, including the relinquishment of certain areas. As a result, there is no guarantee that these areas of interest will be renewed in the future or if there will be sufficient funds available to meet the attaching minimum expenditure commitments when they arise. It is also possible that in relation to tenements which the Group has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Group to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected;
- There are inherent uncertainties in estimating reserve and resource estimates as it requires significant subjective judgements and determinations based on the available geological, technical, and economic information. Estimates and assumptions that were previously valid may change significantly when new information or techniques become available and therefore may require restatement; and
- The State government regulations in the various states which the Group operates require rehabilitation of drill sites including any other sites where the Group has caused surface and ground disturbance. To date drilling in a particular area of interest is complete or not active for an extended period of time due to other drilling project priorities. The Group's intention is to conduct its activities to the highest level of environmental obligations, however there are certain risks inherent in the Group's activities which could subject the Group to future liabilities.

SUBSEQUENT EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years except for those matters referred to below:

Loan Facilities

On 30 July 2015, the Company announced that it had finalised loan agreements with two of its major shareholders for a total of $1,000,000.

A $500,000 loan facility has been agreed with Silja Investment Ltd (**Silja**), the Company's largest shareholder, and a $500,000 loan facility has been agreed with Tarney Holdings Pty Ltd ATF The DP & FL Waddell Family Trust (**Tarney**), a company associated with the Company's Chairman, Mr Denis Waddell (together the **Facilities**).

Directors' Report (continued)

The proceeds from the Facilities will be used to progress ongoing exploration work being undertaken at the Company's Connors Arc Epithermal Gold-Silver Project in Queensland and Fraser Range Nickel-Copper Project in Western Australia, as well as for working capital purposes.

Under the terms of the Facilities, the Company may elect to convert cash drawn down under the Facilities into the Company shares, subject to shareholder approval where required by law, including the ASX listing rules (**Approvals**). In certain circumstances, including where the Company elects to repay the Facilities in cash, or announces a proposed capital raising, the financiers can elect to convert cash drawn down under the Facilities into shares subject to Approvals.

Any shares issued to Silja and Tarney upon conversion will be issued at the lowest price at which the Company issues any shares or announces to the ASX its intent to issue shares under a capital raising, between the date of the Facilities and the date that an election is made by the Company or the financiers to convert cash drawn down under the Facilities into the Company shares. Should the Company not issue shares under a capital raising during this period, any shares issued to Silja and Tarney upon conversion will be issued at the volume weighted average price of the Company shares as traded on the ASX in the ten trading days prior to the issue of shares to Silja and Tarney.

The term of the Facilities is 31 December 2015 (unless otherwise agreed by the parties).

Silja and Tarney each have the discretion as to whether to make an advance to the Company upon receipt of each draw-down notice. No interest or facility fees are payable by the Company to either Silja or Tarney and no capital raising fee would be payable by the Company to Silja or Tarney where it subscribes for its share allocation in a capital raising. The Silja facility is secured against all present and after-acquired property of the Company.

In order to draw on either of the Facilities, the Company must meet certain conditions precedent including certain persons remaining directors of the Company. As at the date of this Report, the Company has drawn $200,000 against the Tarney Facility. The Silja Facility has a loan balance of $140,000 as a result of an agreement between the Company and Silja to transfer the amount that the Company drew down under the Silja loan facility announced to the ASX on 26 August 2014 and which expired on 30 June 2015, to the Silja Facility.

<u>Option Agreement – Business Development</u>

On 30 July 2015, the Company announced that it had executed a term sheet agreement with unrelated vendors providing it with an exclusive right to carry out due diligence and work towards completing a comprehensive option agreement within 90 days that may ultimately allow it to acquire a South African-based holding company with advanced gold and base metal assets.

The completion of this option agreement will give the Company a further nine months to undertake comprehensive due diligence before having the right to purchase the holding company, whose subsidiaries hold interests in a portfolio of epithermal and VMS metal occurrences in South Africa.

The vendors have carried out exploration, including drilling, on these properties. the Company has the right to terminate the term sheet agreement with the vendors at any time, with no further obligations. An option fee of ZAR 50,000 (approximately $5,500) per month will be payable during the 90 day period that the Company works towards completing a comprehensive option agreement or until the Company elects to terminate the term sheet agreement.

<u>A1 Gold Agreement</u>

On 11 August 2015, the Company announced that it had entered into a binding term sheet (**Term Sheet**) with A1 Gold for A1 Gold to acquire the Company's Walhalla Project mining tenement 5487 (**Tenement**) in Victoria, which includes the Eureka and Tubal Cain deposits, for total consideration of $850,000.

Key terms of the Term Sheet are:

- $50,000 cash payment;
- $300,000 consideration through the issue of 7,816,285 fully paid ordinary A1 Gold shares (**A1 Gold Shares**) at the volume average weighted price (**VWAP**) of the A1 Gold Shares as traded on the ASX in the ten trading days prior to 7 August 2015 ($0.03838). The A1 Gold Shares will be issued to the Company on Completion Date (no later than 30 November 2015) and shall not be subject to escrow;

Directors' Report (continued)

- 2% royalty on net smelter returns from the sale of gold recovered and sold by A1 Gold from the Tenement (**NSR**) to a value of $500,000. In addition, A1 Gold has granted the Company a put option whereby the Company can at any time following a period of 36 months from the date of the Term Sheet, require A1 Gold to purchase the NSR at a price equal to $500,000 less any NSR paid in accordance with the Term Sheet (**NSR Consideration**). The Company can elect to receive the NSR Consideration as cash or A1 Gold Shares issued to the Company at the VWAP of the A1 gold Shares as traded on the ASX in the ten trading days prior to the date of issue;
- On or prior to Completion Date, A1 Gold is required to replace the $180,000 rehabilitation bond that the Company has on deposit with the Department of Economic Development, Jobs, Transport and Resources (**DEDJTR**); and
- The Company will retain its Walhalla Project exploration tenements and retention licence applications, enabling the Company to continue to explore for gold, copper, nickel and PGEs.

The acquisition of the Tenement by A1 Gold is subject to the grant of consents required under the Mineral Resources (Sustainable Development) Act.

DIRECTORS' MEETINGS

The number of meetings attended by each Director of the Company during the financial year was:

	Board meetings		Audit committee meetings	
	Number held and entitled to attend	**Number attended**	**Number held and entitled to attend**	**Number attended**
Mr D Waddell	13	12	2	2
Mr E Smart	13	13	2	2
Mr W Oliver	13	13	---	---
Mr A Haller	13	12	2	1

DIRECTORS' INTERESTS

The relevant interest of each director in the shares, or options over such instruments issued by the Company, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Unlisted options over ordinary shares
Mr D Waddell(i)	33,212,771	6,000,000
Mr E Smart (ii)	8,742,667	15,000,000
Mr W Oliver	5,471,088	3,000,000
Mr A Haller	58,675,493	---

(i) On 19 December 2014, Mr Waddell was issued 16,666,667 shares at an issue price of $0.03 per share. Mr Waddell was an underwriter to the Entitlements Issue completed during the year.

(ii) On 19 December 2014, Mr Smart was issued 3,333,334 shares at an issue price of $0.03 per share. Mr Smart was an underwriter to the Entitlements Issue completed during the year.

SHARE OPTIONS

Options granted to directors and executives of the Company

During or since the end of the financial year, the Company has not granted any options for no consideration over unissued ordinary shares in the Company to key management personnel as part of their remuneration.

Directors' Report (continued)

Unissued shares under options and performance rights

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of shares
31 July 2016	$0.347849	6,000,000
30 April 2018	$0.147849	1,000,000
30 April 2018	$0.247849	1,000,000
30 April 2018	$0.347849	1,000,000
31 May 2018	$0.147849	9,000,000
31 May 2018	$0.247849	9,000,000
31 May 2018	$0.347849	9,000,000
30 November 2019	$0.045	250,000
30 November 2019	$0.06	250,000
		36,500,000

Shares issued on exercise of options
There were no options exercised during or since the end of the financial year.

REMUNERATION REPORT - AUDITED

The Remuneration Report sets out remuneration information for Orion Gold NL for the year ended 30 June 2015. The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

(i) Executive directors

Mr Errol Smart	Managing Director/CEO
Mr William Oliver	Chief Operating Officer Technical Director

(ii) Non-executive directors

Mr Denis Waddell	Chairman (Non-executive)
Mr Alexander Haller	Director (Non-executive)

(iii) Executives

Mr Kim Hogg	Company Secretary
Mr Martin Bouwmeester	Business Development Manager

Remuneration Policy
Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors and executives of the Company and the Group, which comprise executives that report directly to the Managing Director and CEO of the Company and the Group.

It is the Group's objective to provide maximum stakeholder benefit from the retention of a high quality Board and management by remunerating directors and executives fairly and appropriately with reference to relevant employment and market conditions. To assist in achieving the objective the Board links the nature and amount of executive directors' remuneration to the Group's financial and operational performance.

The expected outcome of the Group's remuneration structure is:
- Retention and motivation of directors and executives;
- Attraction of quality management to the Group; and
- Performance rewards to allow directors and executives to participate in the future success of the Group.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Remuneration may include base salary and fees, short term incentives, superannuation contributions and long term incentives. Any equity based remuneration for directors will only be made with the prior approval of shareholders at a general meeting. All base salary and fees, short term incentives, superannuation contributions granted to key management personnel during the year was fixed under service agreements between the Company and key management personnel and was not impacted by performance related measures. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Group and the performance of the individual during the period.

The Board of directors is responsible for determining and reviewing compensation arrangements for the executive and non-executive directors. The maximum remuneration of non-executive directors is the subject of shareholder resolution in accordance with the Company's Constitution, and the Corporations Act 2001 as applicable.

The total level of remuneration for the financial year for all non-executive directors of $46,875 is maintained within the maximum limit of $350,000 approved by shareholders. When setting fees and other compensation for non-executive directors, the Board may seek independent advice and apply Australian benchmarks. The Board may recommend additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Group.

There is no scheme to provide retirement benefits, other than statutory superannuation when applicable, to non-executive directors.

The Chairman will undertake an annual assessment of the performance of the individual directors and meet privately with each director to discuss this assessment. Basis for evaluation for assessing performance is by reference to Company charters and current best practice.

Consequences of performance on shareholders wealth

In considering the Group's performance and benefits for shareholders wealth, the Board of directors has regard to the following indices in respect of the current financial year and the previous four financial years.

	2015	2014	2013	2012	2011
Net profit/(loss) attributable to equity holders of the Company	$(3,362,961)	$(12,866,030)	$(8,515,184)	$2,516,668	$1,498,834
Dividends paid	---	---	---	---	---
Actual share price (i)	$0.023	$0.04	$0.04	$0.28	$0.64

(i) Consolidation of the Company's share capital through the conversion of every 40 shares into one share took effect from 21 December 2012.

Long Term Incentive Based Remuneration

The Company has an option and performance rights based remuneration scheme for executives. In accordance with the provisions of the Orion Gold Option and Performance Rights Plan, as approved by shareholders at a general meeting, executives may be granted options or performance rights to purchase ordinary shares. The number and terms of options or performance rights granted is at the absolute discretion of the Board, provided that the total number of options on issue under the scheme at the time of the grant does not exceed 5% of the number of ordinary shares on issue.

A total of 500,000 options were granted during the year ended 30 June 2015 under the terms of the Orion Gold Option and Performance Rights Plan to employees.

The issue of options to directors and employees encourages the alignment of personal and shareholder interests.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Service contracts
Key terms of the existing service contracts for key management personnel are as follows:

Managing Director and CEO
Unlimited in term but capable of termination on 1 month's notice. The Group retains the right to terminate the contract immediately, by making a payment of 1 month's remuneration in lieu of notice.

Technical Director and COO
Unlimited in term but capable of termination on 1 month's notice. The Group retains the right to terminate the contract immediately, by making a payment of 1 month's remuneration in lieu of notice.

Business Development Manager
Unlimited in term but capable of termination on 1 month's notice. The Group retains the right to terminate the contract immediately, by making a payment of 1 month's remuneration in lieu of notice.

Company Secretary
Unlimited in term but capable of termination without notice.

Key management personnel are also entitled to receive on termination of employment, redundancy benefits.

The service contract outlines the components of compensation paid to the key management personnel but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

The services of Company Secretary, provided by Mr Hogg, are retained through Anthony Ho & Associates. A fee is payable direct to Anthony Ho & Associates for the services provided by Mr Hogg.

Directors
Total compensation for all non-executive directors, last voted upon by shareholders at the 2007 Annual General Meeting, is not to exceed $350,000 per annum and is set based on advice from external advisors with reference to fees paid to other directors of comparable companies.

The Chairman receives $37,500 per annum, as from 1 October 2014. Prior to this date, the Chairman received $75,000 per annum. Non-executive directors do not receive performance related compensation. Directors' fees cover all main board activities and membership of one committee.

Directors may be paid additional amounts for consulting services provided in addition to normal director duties. Such additional amounts are paid on commercial terms.

Remuneration report approval at the 2014 Annual General Meeting
The 30 June 2014 Remuneration Report received positive shareholder support at the Company's Annual General Meeting with a positive vote of 98% in favour.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Directors and Executive Officers' Remuneration – 2015

		Primary salary, incentives, superannuation and consultancy payments				Share based payments (iv)	Total remuneration	% of remuneration in options
Names	Year	Salary and fees $	Short term incentives $	Super-annuation $	Termination benefits $	Options $	$	%
Directors								
Executive Directors								
Mr E Smart(i)	2015	135,000	---	---	---	61,504	196,504	31
	2014	225,000	---	---	---	278,370	503,370	55
Mr W Oliver (ii)	2015	139,200	---	---	---	48,232	187,432	26
	2014	222,319	---	---	---	127,543	349,862	36
Sub-total executive Directors	2015	274,200	---	---	---	109,736	383,936	29
	2014	447,319	---	---	---	405,913	853,232	48
Non-executive Directors								
Mr D Waddell (iii)	2015	46,875	---	---	---	24,601	71,476	34
	2014	75,000	---	---	---	83,814	158,814	53
Mr A Haller (iv)	2015	---	---	---	---	---	---	---
	2014	12,500	---	---	---	---	12,500	---
Total directors remuneration	**2015**	**321,075**	**---**	**---**	**---**	**134,337**	**455,412**	**29**
	2014	**534,819**	**---**	**---**	**---**	**489,727**	**1,024,546**	**48**

Executives								
Mr K Hogg	2015	27,000	---	---	---	---	27,000	---
	2014	---	---	---	---	---	---	---
Mr M Bouwmeester	2015	113,700	---	---	---	6,973	120,673	6
	2014	217,129	---	---	---	49,027	266,156	18
Total executives remuneration	**2015**	**140,700**	**---**	**---**	**---**	**6,973**	**147,673**	**5**
	2014	**217,129**	**---**	**---**	**---**	**49,027**	**266,156**	**18**
Total directors and executive officers remuneration	**2015**	**461,775**	**---**	**---**	**---**	**141,310**	**603,085**	**23**
	2014	**751,948**	**---**	**---**	**---**	**538,754**	**1,290,702**	**42**

(i) Effective from 1 October 2014, Mr Smart's fixed component of remuneration was revised to $120,000 per annum (previous $240,000 per annum).
(ii) Effective from 1 October 2014, Mr Oliver's fixed component of remuneration was revised to $108,000 per annum (previous $180,000 per annum).
(iii) Effective from 1 October 2014, Mr Waddell's fixed component of remuneration was revised to $37,500 per annum (previous $75,000 per annum).
(iv) Mr Haller has waived his entitlement to receive fees for his position as Non-executive Director from 1 October 2013. Fees may be reinstated at a later date by resolution of the Board.
(v) Share based payments represent the fair values of options estimated at the date of grant using the Black Scholes option pricing model. These amounts are not paid in cash.

Insurance premiums paid on behalf of directors and officers are not allocated to or included in total remuneration.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Options and Rights over equity instruments granted as compensation

As at the date of this report, there were 27,000,000 unissued ordinary shares under option issued to directors and executives (2014: 34,620,000 unissued ordinary shares under option).

There were no new options over ordinary shares granted during the reporting period to key management personnel.

Analysis of Options and Rights over equity instruments granted as compensation

Details of the vesting profile of the options granted as remuneration to each key management personnel of the Group as at the end of the reporting period are detailed below.

Directors	Options granted		% vested in current year	% lapsed in current year (i)	Date grant vests (v)
	Number (ii)	Date			
Mr D Waddell	2,000,000 2,000,000 2,000,000	8 July 2013 8 July 2013 8 July 2013	---% 100% ---%	---% ---% ---%	26 November 2013 26 November 2014 26 November 2015
Mr E Smart	5,000,000 5,000,000 5,000,000	8 July 2013 8 July 2013 8 July 2013	---% 100% ---%	---% ---% ---%	26 November 2013 26 November 2014 26 November 2015
Mr W Oliver	1,000,000 1,000,000 1,000,000	3 October 2013 3 October 2013 3 October 2013	---% 100% ---%	---% ---% ---%	26 November 2013 26 November 2014 26 November 2015
Mr A Haller	---	---	---%	---%	---

Executives	Options granted		% vested in current year	% lapsed in current year (i)	Date grant vests (v)
	Number (ii)	Date			
Mr K Hogg	---	---	---%	---%	---
Mr M Bouwmeester	1,000,000 1,000,000 1,000,000	8 July 2013 8 July 2013 8 July 2013	---% ---% 100%	---% ---% ---%	30 September 2013 31 March 2014 31 March 2015
Former					
Dr J Anderson (iii)	125,000 125,000	30 June 2009 30 June 2009	---% ---%	100% 100%	30 June 2010 30 June 2011
Mr S Cahoon (iv)	62,500 62,500 25,000 25,000	30 June 2009 30 June 2009 13 September 2010 13 September 2010	---% ---% ---% ---%	100% 100% 100% 100%	30 June 2010 30 June 2011 30 June 2011 30 June 2012

(i) The % lapsed in the year represents the reduction from the maximum number of options available to be exercised.

(ii) Following the 1:40 consolidation of shares that occurred in December 2012, the number of options issued prior to December 2012 was consolidated in the same 1:40 ratio as the ordinary capital.

(iii) Dr Anderson held the position of General Manager – Exploration from 30 June 2009 until 8 May 2013 and has held the position of Exploration Manager - Walhalla Gold from 8 May 2013.

(iv) Mr Cahoon held the position of Chief Financial Officer from 30 June 2009 until the termination of his employment on 31 January 2013. Due to Mr Cahoon's contribution to the Company, the Board of directors elected to waive cessation of employment expiry terms on all outstanding options granted to Mr Cahoon.

(v) The vesting conditions attached to each option granted require the key management personnel to remain in employment with the Company until the vesting date, unless the Board of directors elects to waive the expiry terms attached to the grant.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each current key management person, and each of the named current Company executives was nil. No options were granted, exercised or lapsed during the year ended 30 June 2015.

Options and rights over equity instruments

The movement during the reporting period, by number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance at beginning of period 01-Jul-14	Granted as remuneration	Purchased or acquired	Expired	Balance at end of period 30-Jun-15	Not vested and not exercisable	Vested and exercisable
Specified directors							
Mr Denis Waddell	8,000,000	---	---	---	8,000,000	2,000,000	6,000,000
Mr Errol Smart	15,900,000	---	---	---	15,900,000	5,000,000	10,900,000
Mr William Oliver	3,000,000	---	---	---	3,000,000	1,000,000	2,000,000
Mr Alexander Haller	4,720,000	---	---	---	4,720,000	---	4,720,000
Specified executives							
Mr Kim Hogg	---	---	---	---	---	---	---
Mr Martin Bouwmeester	3,000,000	---	---	---	3,000,000	---	3,000,000
Total	**34,620,000**	**---**	**---**	**---**	**34,620,000**	**8,000,000**	**26,620,000**

	Balance at beginning of period 01-Jul-13	Granted as remuneration	Purchased or acquired	Expired	Balance at end of period 30-Jun-14	Not vested and not exercisable	Vested and exercisable
Specified directors							
Mr Denis Waddell	6,000,000	6,000,000	2,000,000	(6,000,000)	8,000,000	4,000,000	4,000,000
Mr Errol Smart	---	15,000,000	900,000	---	15,900,000	10,000,000	5,900,000
Mr William Oliver	---	3,000,000	3,096,086	(3,096,086)	3,000,000	2,000,000	1,000,000
Mr Alexander Haller	18,792,278	---	4,720,000	(18,792,278)	4,720,000	---	4,720,000
Specified executives							
Mr Kim Hogg	---	---	---	---	---	---	---
Mr Martin Bouwmeester	500,000	3,000,000	---	(500,000)	3,000,000	1,000,000	2,000,000
Total	**25,292,278**	**27,000,000**	**10,716,086**	**(28,388,364)**	**34,620,000**	**17,000,000**	**17,620,000**

Other transactions with key management personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control, joint control or a relevant interest over the financial or operating policies of those entities. A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Movement in shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance at beginning of period 1-Jul-14	Purchased or acquired during the year	On options exercised	Fully paid contributing shares	Disposals of shares	Other transfers of shares	Balance at end of period 30-Jun-15
Specified directors							
Mr Denis Waddell	16,546,104	16,666,667	---	---	---	---	33,212,771
Mr Errol Smart	5,409,933	3,333,334	---	---	---	---	8,742,667
Mr William Oliver	5,471,088	---	---	---	---	---	5,471,088
Mr Alexander Haller (i)	58,675,493	---	---	---	---	---	58,675,493
Specified executives							
Mr Kim Hogg	---	---	---	---	---	---	---
Mr Martin Bouwmeester	1,117,361	---	---	---	---	---	1,117,361
Total	**87,219,979**	**20,000,001**	**---**	**---**	**---**	**---**	**107,219,380**

(i) Mr Haller holds relevant interests as follows: Silja 47,373,243 Shares, Mr Haller 11,300,928 Shares and Pershing Securities 1,320 Shares.

	Balance at beginning of period 1-Jul-13	Purchased or acquired during the year	On options exercised	Fully paid contributing shares	Disposals of shares	Other transfers of shares	Balance at end of period 30-Jun-14
Specified directors							
Mr Denis Waddell	6,687,500	9,858,604	---	---	---	---	16,546,104
Mr Errol Smart	40,000	5,369,333	---	---	---	---	5,409,933
Mr William Oliver	---	5,471,088	---	---	---	---	5,471,088
Mr Alexander Haller (ii)	77,493,695	11,181,798	---	---	(30,000,000)	---	58,675,493
Specified executives							
Mr Kim Hogg	---	---	---	---	---	---	---
Mr Martin Bouwmeester	6,250	1,111,111	---	---	---	---	1,117,361
Total	**84,227,445**	**32,991,934**	**---**	**---**	**(30,000,000)**	**---**	**87,219,979**

(ii) Mr Haller holds relevant interests as follows: Silja 46,855,687 Shares, Mr Haller 11,300,928 Shares, Pershing Securities 1,320 Shares and EPIC Pacific Rim LLC 517,558 Shares. On 14 February 2014, Silja, the Company's major shareholder, undertook an off market transfer restructure of its holding in the Company. The restructure of their holding included the sale of 40,000,000 Shares in the Company to a number of Haller family members, including Alexander Haller, a non-executive director of the Company.

Directors' Report (continued)

REMUNERATION REPORT - AUDITED (continued)

Engagement of remuneration consultants

The Board of Directors from time to time, seek and consider advice from independent remuneration consultants to ensure that the Company has at its disposal information relevant to the determination of all aspect of remuneration relating to key management personnel.

The Board follows a set of protocols when engaging remuneration consultants to satisfy themselves, that the remuneration consultants engaged are free from any undue influence by the members of the key management personnel to whom advice and recommendations relate and that the requirements of the Corporations Act 2001 are complied with. The set of protocols followed by the Board include:

- Remuneration consultants are engaged by and report directly to the Board; and
- Communication between remuneration consultants and the Company is limited to those KMPs whose remuneration is not under consideration.

No remuneration consultants were engaged during the year.

ENVIRONMENTAL ISSUES

The state government regulations in the various states which the Group operates require rehabilitation of drill sites including any other sites where the Group has caused surface and ground disturbance. The costs are not of a material nature and vary across disturbance sites. To date rehabilitation has taken place on drill sites as drill rigs are moved as part of the exploration program when drilling in a particular area of interest is complete or not active for an extended period of time due to other drilling project priorities.

As part of the Group's environmental policy exploration and access sites are regenerated to match or exceed local government and state government expectations. The costs are not considered to be material by the Group however this policy will be reviewed as exploration and development activities increase.

Based on the results of enquires made, the board is not aware of any significant breaches during the period covered by this report.

DIVIDENDS

There were no dividends paid or declared during the financial year (2014: $nil).

INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company and all office bearers of the Company and of any body corporate against any liability incurred whilst acting in the capacity of director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. Orion Gold NL, to the extent permitted by law, indemnifies each director or secretary against any liability incurred in the service of the Group provided such liability does not arise out of conduct involving a lack of good faith and for costs incurred in defending proceedings in which judgement is given in favour of the person in which the person is acquitted. The Company has not provided any insurance or indemnity for the auditor of the Company.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Directors' Report (continued)

NON-AUDIT SERVICES

RSM Bird Cameron, the Company's auditor, has performed other non-audit services in addition to their statutory duties during the year ended 30 June 2015.

The board considered the non-audit services provided in the prior year by the auditor and was satisfied that the provision of those non-audit services in the prior year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor, RSM Bird Cameron, and its related practices for non-audit services provided during the year are set out below.

	Consolidated	
	2015 **$**	**2014** **$**
Services other than statutory audit:		
Other services		
Taxation compliance services (RSM Bird Cameron)	12,550	21,410
	12,550	**21,410**

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 20 and forms part of the Directors' Report for the financial year ended 30 June 2015.

CORPORATE GOVERNANCE

The Board of directors recognises the recommendations of the Australian Securities Exchange Corporate Governance Council for Corporate Governance Principles and Recommendations (2nd Edition) and considers that the Company substantially complies with those guidelines, which are of critical importance to the commercial operation of a junior listed resources company. The Company's Corporate Governance statement and disclosures can be viewed on our website, www.oriongold.com.au.

This report is made in accordance with a resolution of the directors.

Denis Waddell
Chairman

Perth, Western Australia

Date: 25 September 2015

RSM Bird Cameron Partners
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www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Orion Gold NL for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

J S CROALL
Partner

Dated: 25 September 2015
Melbourne, Victoria

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 $	2014 $
Continuing operations			
Other income	3	204,440	111,558
Exploration and evaluation expenses	3	(823,273)	(1,568,157)
Administration expenses	3	(1,123,408)	(1,893,555)
Impairment of non-current assets	10	(1,625,527)	(9,549,838)
Plant and equipment written-off	9	(464)	(7,399)
Results from operating activities		(3,368,232)	(12,907,391)
Finance income	3	20,854	45,363
Finance expense	3	(15,583)	(4,002)
Net finance costs		5,271	41,361
Loss before income tax		(3,362,961)	(12,866,030)
Income tax (expense) / benefit	4	---	---
Loss from continuing operations attributable to equity holders of the Company		**(3,362,961)**	**(12,866,030)**
Other comprehensive income			
Other comprehensive income for the year, net of income tax		---	---
Total comprehensive loss for the year		**(3,362,961)**	**(12,866,030)**
Loss per share (cents per share)			
Basic loss per share (AUD)	5	(1.08)	(6.94)
Diluted loss per share (AUD)	5	(0.84)	(6.94)

The notes on pages 25 to 60 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2015

	Notes	2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	6	118,279	875,758
Trade and other receivables	7	191,658	115,319
Inventories		4,599	9,732
Prepayments		3,046	37,290
Asset held for sale	8	850,000	---
Total current assets		**1,167,582**	**1,038,099**
Non-current assets			
Trade and other receivables	7	191,117	395,272
Property, plant and equipment	9	93,092	137,902
Deferred exploration, evaluation and development	10	4,017,625	5,438,637
Total non-current assets		**4,301,834**	**5,971,811**
TOTAL ASSETS		**5,469,416**	**7,009,910**
LIABILITIES			
Current liabilities			
Trade and other payables	12	398,341	716,829
Loan	15	140,000	---
Provisions	13	24,359	47,565
Total current liabilities		**562,700**	**764,394**
Non-current liabilities			
Provisions	13	19,770	27,735
Total non-current liabilities		**19,770**	**27,735**
TOTAL LIABILITIES		**582,470**	**792,129**
NET ASSETS		**4,886,946**	**6,217,781**
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	14	73,458,263	71,617,637
Accumulated losses		(69,616,091)	(66,527,431)
Other reserves	14	1,044,774	1,127,575
TOTAL EQUITY		**4,886,946**	**6,217,781**

The notes on pages 25 to 60 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 $	2014 $
Cash flows from operating activities			
Payments for exploration and evaluation		(823,273)	(1,798,157)
Payments to suppliers and employees		(842,836)	(889,913)
Interest received		21,479	46,296
Interest expense		(2,550)	---
R&D tax offset received		83,774	---
Receipts from customers		113,489	10,087
Net cash used in operating activities	6	**(1,449,917)**	**(2,631,687)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(11,314)	(69,850)
Restricted cash investments		24,156	(4,386)
Payments for exploration and evaluation		(2,448,381)	(3,143,508)
R&D tax offset received in relation to exploration assets		1,137,693	---
Proceeds from sale of tenements		10,000	---
Proceeds from insurance recoveries		---	10,117
Net cash used in investing activities		**(1,287,846)**	**(3,207,627)**
Cash flows from financing activities			
Proceeds from issue of shares		1,691,367	5,900,500
Share issue expenses		(51,083)	(213,207)
Proceeds from borrowings	15	340,000	100,000
Repayment of borrowings	15	---	(100,000)
Net cash from financing activities		**1,980,284**	**5,687,293**
Net decrease in cash and cash equivalents		(757,479)	(152,021)
Cash and cash equivalents at beginning of year		875,758	1,027,779
Cash on hand and at bank at end of year	6	**118,279**	**875,758**

The notes on pages 25 to 60 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015

30 June 2014	Issued capital ($)	Accumulated losses ($)	Other reserves ($)	Total equity ($)
Balance at 1 July 2013	**63,670,907**	**(54,267,887)**	**1,461,773**	**10,864,793**
Loss for the year	---	(12,775,443)	---	(12,775,443)
Other comprehensive loss	---	---	---	---
Total comprehensive loss for the year	---	(12,775,443)	---	(12,775,443)
Transactions with Owners in their capacity as owners:				
Contributions of equity, net of costs	7,224,325	---	---	7,224,325
Transfer of share options expired	---	515,899	(515,899)	---
Share-based payments expense	722,405	---	181,701	904,106
Total Transactions with Owners	7,946,730	515,899	(334,198)	8,128,431
Balance at 30 June 2014	**71,617,637**	**(66,527,431)**	**1,127,575**	**6,217,781**

30 June 2015	Issued capital ($)	Accumulated losses ($)	Other reserves ($)	Total equity ($)
Balance at 1 July 2014	**71,617,637**	**(66,527,431)**	**1,127,575**	**6,217,781**
Loss for the year	---	(3,362,961)	---	(3,362,961)
Other comprehensive loss	---	---	---	---
Total comprehensive loss for the year	---	(3,362,961)	---	(3,362,961)
Transactions with Owners in their capacity as owners:				
Contributions of equity, net of costs	1,840,626	---	---	1,840,626
Transfer of share options expired		274,301	(274,301)	---
Share-based payments expense	---	---	191,500	191,500
Total Transactions with Owners	1,840,626	274,301	(82,801)	2,032,126
Balance at 30 June 2015	**73,458,263**	**(69,616,091)**	**1,044,774**	**4,886,946**

The notes on pages 25 to 60 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1 CORPORATE INFORMATION

Orion Gold NL (**Company**) is a company domiciled in Australia. The address of the Company's registered office is Suite 2, 64 Thomas Street, West Perth, Western Australia, 6005. The consolidated financial statements as at and for the year ended 2015 comprises the Company and its subsidiaries, (together referred to as the **Group**). The Group is a for-profit Group and is primarily involved in copper, nickel, gold and PGEs exploration.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

(i) Statement of compliance

The consolidated financial statements are general purpose financial statement which have been prepared in accordance with Australian Accounting Standards (**AASBs**) adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (**IFRSs**) adopted by the International Accounting Standards Board (**IASB**). The consolidated financial statements were authorised for issue by the Board of directors on 25 September 2015.

(ii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except where otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group except as required by the new accounting standards and interpretations adopted as disclosed in Note 2(b).

Certain comparative amounts have been reclassified to conform with the current year's presentations.

(iii) Going concern

The Group and the Parent Company, recorded a loss of $3,362,961 and $2,374,819 respectively, before tax for the year ended 30 June 2015. The result was affected considerably by impairment of exploration assets of $1,625,527 and exploration expenditure incurred of $823,273 which under the Group's deferred exploration, evaluation and development policy did not qualify and was expensed. The Group's position as at 30 June 2015 was as follows:

- The Group had cash reserves of $118,279 and had combined negative operating and investing cash flows of $2,737,763 (including $3,271,654 in payments for exploration and evaluation) for the year ended 30 June 2015;

- The Group had a working capital position of $604,882; and

- The Group's main activity is exploration and as such it presently does not have a source of income, rather it is reliant on debt and / or equity raisings to fund its activities.

Current forecasts indicate that cash on hand as at the date of this report may not be sufficient to fund planned exploration and operational activities during the next twelve months and to maintain the Group's tenements in good standing. Accordingly, the Group will be required to raise additional equity, restructure the existing funding facilities, consider alternative funding options or a combination of the foregoing.

The Group's position as at the date of this report is as follows:

- The Group has cash reserves of $11,595, following the drawdown of a total of $340,000 from the existing $1,000,000 loan facilities provided by the Group's current lenders, being $500,000 from Silja and $500,000 from Tarney subsequent to year end; and
- The Group has a working capital position of $84,419, supported by the financing activity disclosed below.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On 30 July 2015, the Company announced that it had finalised loan agreements with two of its major shareholders, Silja and Tarney for a total of $1,000,000 (**Facilities**).

The proceeds from the Facilities will be used to progress ongoing exploration work being undertaken at the Company's Connors Arc Epithermal Gold-Silver Project in Queensland and Fraser Range Nickel-Copper Project in WA, as well as for working capital purposes.

Under the terms of the Facilities, the Company may elect to convert cash drawn down under the Facilities into shares in the Company, subject to shareholder approval where required by law, including the ASX listing rules (**Approvals**). In certain circumstances, including where the Company elects to repay the Facilities in cash, or announces a proposed capital raising, the financiers can elect to convert cash drawn down under the Facilities into shares subject to Approvals.

Any shares issued to Silja and Tarney upon conversion will be issued at the lowest price at which the Company issues any shares or announces to the ASX its intent to issue shares under a capital raising, between the date of the Facilities and the date that an election is made by the Company or the financiers to convert cash drawn down under the Facilities into shares in the Company. Should the Company not issue shares under a capital raising during this period, any shares issued to Silja and Tarney upon conversion will be issued at the volume weighted average price of Orion shares as traded on the ASX in the ten trading days prior to the issue of shares to Silja and Tarney.

The term of the Facilities is 31 December 2015 (unless otherwise agreed by the parties).

Silja and Tarney each have the discretion as to whether to make an advance to the Company upon receipt of each draw-down notice. No interest or facility fees are payable by the Company to either Silja or Tarney and no capital raising fee would be payable by the Company to Silja or Tarney where it subscribes for its share allocation in a capital raising. The Silja facility is secured against all present and after-acquired property of the Company.

In order to draw on either of the Facilities, the Company must meet certain conditions precedent including certain persons remaining directors of the Company. To date, the Company has drawn $200,000 on the Tarney Facility. The Silja Facility has a loan balance of $140,000 as a result of an agreement between the Company and Silja to transfer the amount that the Company drew down under the Silja loan facility announced to the ASX on 26 August 2014 and which expired on 30 June 2015, to the Silja Facility.

The Directors are confident that the Group will raise sufficient cash to ensure that the Group can meet its minimum exploration and operational expenditure commitments for at least the next twelve months, maintain the Group's tenements in good standing and pay its debts, as and when they fall due. The Company has previously been successful in raising capital as and when required as evidenced by capital raisings of $1,691,367 during the year ended 30 June 2015 to support the Group's current exploration programs. Cash raised during this period has funded recent exploration programs which are continuing. Based on results to date from such programs, the Directors are confident of obtaining the continued support of the Company's shareholders and a number of brokers that have supported the Company's previous capital raisings.

On 29 August 2014, the Company announced that it had entered into an agreement with A1 Gold where A1 Gold had an option to acquire the Company's Walhalla Project tenements in Victoria with the Company retaining certain rights to known polymetal prospects and any further polymetal deposits discovered. The agreement expired unexercised on 31 July 2015.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On 11 August 2015, the Company announced that it had entered into a binding Term Sheet with A1 Gold for A1 Gold to acquire the Company's mining tenement MIN5487 (**Tenement**) in Victoria, which includes the Eureka and Tubal Cain deposits, for total consideration of $850,000.

Key terms of the Term Sheet are:

- $50,000 cash payment;
- $300,000 consideration through the issue of 7,816,285 fully paid ordinary A1 Gold shares at the VWAP of the Shares as traded on the ASX in the ten trading days prior to 7 August 2015 ($0.03838). The Shares will be issued to the Company on Completion Date (no later than 30 November 2015) and shall not be subject to escrow;
- 2% royalty on NSR to a value of $500,000. In addition, A1 Gold has granted the Company a put option whereby the Company can at any time following a period of 36 months from the date of the Term Sheet, require A1 Gold to purchase the NSR at a price equal to $500,000 less any NSR paid in accordance with the NSR Consideration. The Company can elect to receive the NSR Consideration as cash or Shares issued to the Company at the VWAP of the Shares as traded on the ASX in the ten trading days prior to the date of issue;
- on or prior to Completion Date, A1 Gold is required to replace the $180,000 rehabilitation bond that the Company has on deposit with the DEDJTR; and
- the Company will retain its Walhalla Project exploration tenements and retention licence applications, enabling the Company to continue to explore for copper, nickel and PGEs.

The acquisition of the Tenement by A1 Gold is subject to the grant of consents required under the Mineral Resources (Sustainable Development) Act.

Accordingly, the financial statements for the year ended 30 June 2015 have been prepared on a going concern basis as, in the opinion of the Directors, the Group will be in a position to continue to meet its operating costs and exploration expenditure commitments and pay its debts as and when they fall due for at least twelve months from the date of this report.

However, the Directors recognise that if sufficient additional funding is not raised through alternative funding sources, there is a material uncertainty as to whether the going concern basis is appropriate with the result that the Group may relinquish title to certain tenements and may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. In this case, Silja, as the holder of a fixed and floating charge over the assets of the Group, under existing funding agreements, would take priority in relation to the assets of the Group. No allowance for such circumstances has been made in the financial report.

(b) New accounting standards and interpretations

(i) New accounting standards

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

- *Other standards not yet applicable*

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

(c) Basis of consolidation
The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Orion Gold NL (**Parent Company**) from time to time during the year and at 30 June 2015 and the results of its controlled entities, Kamax Resources Limited and Goldstar Resources (WA) Pty Ltd, for the year then ended. The effects of all transactions between entities in the economic entity are eliminated in full.

The financial statements of the subsidiary are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

(i) Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation
The functional and presentation currency of the Company and its Australian subsidiary's is Australian Dollars.

Transactions in foreign currencies are translated to the respective functional currency of Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(e) Property, plant and equipment
Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a reducing balance basis using estimated remaining useful life of the asset. The estimated useful lives for the current and comparative period are as follows:

Plant and equipment - over 3 to 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(f) Impairment
(i) Non-financial assets
At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to dispose and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to dispose and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(ii) Non-derivative financial assets
Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets measured at amortised cost.

The Group considers evidence of impairment for these assets measured at both an individual asset and a collective level. All individually significant assets are individually assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(g) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(h) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Funds placed on deposit with financial institutions to secure performance bonds are classified as non-current other receivables and not included in cash and cash equivalents.

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(j) Employee benefits

(i) Wages, salaries and annual leave

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These benefits are based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as superannuation, workers compensation insurance and payroll tax.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Defined contribution plans
Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Other long-term employee benefits
The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

(iv) Share based payments
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black Scholes model. Further details are given in Note 11.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (**Vesting Date**).

The cumulative expense recognised for equity-settled transactions at each reporting date until Vesting Date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(k) Leases
Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(l) Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(i) Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Government grants
Grants that compensate the Group for expenditures incurred are recognised in profit or loss on a systematic basis in the periods in which the expenditures are recognised.

R&D tax offsets received are offset against the carrying value of the assets and consequent reduction in the value of impairments recognised.

(m) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(i) Tax consolidation
The Company and its wholly-owned Australian resident entity are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated group is Orion Gold NL.

(n) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure which can be directly attributed to operational activities in the area of interest, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration activities in the area of interest have not, at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological and geophysical studies;
- Exploration drilling, trenching and sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resources.

General and administrative costs are not recognised as an exploration and evaluation asset. These costs are expensed as incurred.

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets. As the assets are not yet ready for use, they are not depreciated. Assets that are classified as tangible assets include:

- Piping and pumps;
- Tanks; and
- Exploration vehicles and drilling equipment.

Assets that are classified as intangible assets include:

- Drilling rights;
- Acquired rights to explore;
- Exploratory drilling costs; and
- Trenching and sampling costs.

Exploration expenditure which no longer satisfies the above policy is written off. In addition, a provision is raised against exploration expenditure where the directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The increase in the provision is charged against the profit or loss for the year.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off in the year in which the decision to abandon is made, firstly against any existing provision for that expenditure, with any remaining balance being charged to profit or loss.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the economic entity's rights of tenure to that area of interest are current. Amortisation is not charged on areas under development, pending commencement of production.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets are assessed for impairment if:

(i) Sufficient data exists to determine technical feasibility and commercial viability: and
(ii) the term of exploration license in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
(iii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
(iv) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and a decision has been made to discontinue such activities in the specified area; or
(v) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The value of R&D tax incentives received in relation to exploration assets is recognised by deducting the grant when arriving at the carrying value of the asset.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they are not expected to be recoverable in the future.

(p) Critical accounting judgements and key sources of estimation uncertainty

In the application of AASB'S management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgments made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements and include:

- Note 10 - Deferred exploration, evaluation and development,
- Note 13 - Provisions, and
- Note 11/14 - Measurement of share based payments.

(q) Earnings per share

The Group presents basic and diluted earnings per share (**EPS**) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees that are expected to be exercised.

(r) Segment reporting

(i) Determination and presentation of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by

the Group's Managing Director and Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment results that are reported to the Managing Director and Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(s) Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(t) Finance income and expenses
Finance income comprises interest income on funds invested. Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit and loss using the effective interest method.

(u) Determination of fair values
A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Share-based payment transactions
The fair value of the employee share options and the share appreciation rights is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

3. REVENUES AND EXPENSES

	2015 $	2014 $
Other income		
Sundry revenue	119,464	10,087
Insurance recoveries	1,202	10,117
Government grant (i)	83,774	91,354
Total other income	**204,440**	**111,558**
Exploration and evaluation expenses		
Exploration and evaluation expenses	432,011	1,012,145
Employee expenses	391,262	556,012
Total exploration and evaluation expenses	**823,273**	**1,568,157**
Administration expenses		
Administration expenses	660,874	879,679
Employee expenses	209,459	256,617
Superannuation	5,915	6,105
Employee share based payments	191,500	666,295
Depreciation	55,660	84,859
Total Expenses from ordinary activities	**1,123,408**	**1,893,555**
Net finance costs		
Finance income		
Interest income	20,854	45,363
Total finance income	**20,854**	**45,363**
Finance expense		
Interest expense	15,583	4,002
Total finance expense	**15,583**	**4,002**

(i) During the comparative year, the Group was awarded a $150,000 grant in Round 8 of the Western Australian Government's Exploration Incentive Scheme (**Grant**). Under the Co-funded Government-Industry Drilling Program, the Government will match direct drilling costs incurred at the Peninsula Project in the 2014 calendar year up to the amount of the Grant, subject to the satisfaction of certain conditions. As at 30 June 2014 the Company had accrued a total $91,354, which was claimable pursuant to the terms of Grant.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

4 INCOME TAX

Income tax expense

	2015 $	2014 $
Profit / (loss) before tax	(3,362,961)	(12,866,030)
	(3,362,961)	**(12,866,030)**
Income tax using the corporation rate of 30%	(1,008,888)	(3,859,809)
Movements in income tax expense due to:		
Non deductible expenses	300	91
Exploration expenditure	---	(1,533,247)
Impairment of exploration expenditure	---	2,864,951
Kamax Resources Limited deductions	---	(422,969)
Employee share based payments expensed	57,449	294,688
Adjustment for timing differences	---	29,522
Adjustment for permanent differences	---	---
	(951,139)	**(2,626,773)**
(Under) / over provided in prior years	---	(798,076)
Tax effect of tax losses not recognised	951,139	(3,424,849)
Income tax expense/(benefit)	**---**	**---**

No income tax is payable by the Group. The directors have considered it prudent not to bring to account the future income tax benefit of income tax losses and exploration deductions until it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

The Group has estimated un-recouped gross income tax losses of $70,088,810 (2014: $70,390,077) which may be available to offset against taxable income in future years.

The benefit of these losses and timing differences will only be obtained if:

(a) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;

(b) the Group continues to comply with the condition of deductibility imposed by Australian law; and

(c) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

Tax consolidation

For the purposes of income taxation, the Company and its 100% controlled Australian entity, Goldstar Resources (WA) Pty Ltd elected to form a tax consolidation group from 1 July 2006.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

5 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of potentially dilutive options and dilutive partly paid contributing shares).

The following reflects the income and share data used to calculate basic and diluted earnings per share:

a) Basic and diluted profit per share

	2015	2014
	Cents	Cents
Loss attributable to ordinary equity holders of the Company	(1.08)	(6.94)
Diluted loss attributable to ordinary equity holders of the Company	(0.84)	(6.94)

b) Reconciliation of earnings used in calculating earnings per share

	2015	2014
	$	$
Loss attributable to ordinary shares	(3,362,961)	(12,866,030)

c) Weighted average number of shares

	2015	2014
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	398,766,210	185,391,027
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share.	398,766,210	185,391,027

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

6 CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash and cash equivalents (a)	118,279	875,758
	118,279	**875,758**

(a) Cash and cash equivalents earn interest at floating rates based on daily bank rates.

Reconciliation to Statement of Cash Flows
The above figures reconcile to the amount of Cash and Cash equivalents in the Statement of Cash Flows at the end of the year as follows:

	2015 $	2014 $
Balance as above	118,279	875,758
Bank overdraft	---	---
Balance as per Statement of Cash Flows	**118,279**	**875,758**

	2015 $	2014 $
Reconciliation from the net loss after tax to the net cash flows used in operations		
Net loss	(3,362,961)	(12,866,030)
Adjustments for:		
Depreciation	55,660	84,859
Insurance recoveries	---	(10,117)
Share based payments expense	191,500	666,295
Deferred exploration, evaluation and development impairment	1,625,527	9,549,838
(Gain)/loss on disposal of plant and equipment	(9,536)	7,399
Net impact of non-cash settlement of fees in shares	---	315,997
fees and interest waived by shareholder	---	103,340
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	103,661	(83,031)
(Increase)/decrease in inventories	---	7,458
(Increase)/decrease in prepayments	34,244	24,365
(Decrease)/increase in trade and other payables	(92,154)	(135,715)
(Decrease)/increase in provisions	4,142	(296,345)
Net cash used in operating activities	**(1,449,917)**	**(2,631,687)**

The settlement of outstanding directors' and creditors' fees through the issue of shares to the value of $44,890 (2014: $315,997), constitutes a non-cash operating activity and is not included in the Consolidated Statement of Cash Flows.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

7 TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Current receivables:		
Security deposits and environmental bonds (a)	180,000	---
Other receivables	10,582	113,625
Interest receivable	1,076	1,694
	191,658	**115,319**
Non-current receivables:		
Security deposits and environmental bonds (a)	191,117	395,272
	191,117	**395,272**

Other receivables are non-interest bearing and are generally on 30-day terms. The decrease in other receivables is due to the Government Grant income recorded during the prior year. Refer to Note 3 for further details.

(a) Security deposits comprise cash placed on deposit to secure bank guarantees in respect of obligations entered into for office rental obligations and environmental performance bonds issued in favour of the Victorian DEDJTR (formerly Department of Sustainable Development, Business and Innovation), Government of Western Australia and Queensland Department of Natural Resources & Mines. These deposits are not available to finance the Group's day to day operations.

8 ASSET HELD FOR SALE

	2015 $	2014 $
Exploration assets - Walhalla Exploration Project (see Note 10)	850,000	---

AASB 5 – Non Current Assets Held for Sale and Discontinued Operations has a requirement for an asset to be reclassified as 'Held for Sale' upon certain criteria being met. The agreement with A1 Gold, Binding Term sheet, meets these requirements and the exploration asset has been reclassified accordingly.

9 PROPERTY, PLANT AND EQUIPMENT

	2015 $	2014 $
Opening cost - 1 July	1,003,781	1,493,498
Accumulated depreciation	(865,879)	(1,333,188)
Opening written down value	**137,902**	**160,310**
Additions	11,314	69,850
Disposals/write offs	(464)	(7,399)
Depreciation charge for the year	(55,660)	(84,859)
Written down value at 30 June	**93,092**	**137,902**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

10 DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT

	2015 $	2014 $
Acquired mineral rights		
Opening cost	2,228,640	884,829
Exploration and evaluation acquired	---	1,343,811
Exploration, evaluation and development	**2,228,640**	**2,228,640**
Deferred exploration and evaluation expenditure		
Opening cost	3,209,997	9,616,327
Expenditure incurred	3,015,581	4,711,665
R&D tax offset received in relation to exploration assets	(1,137,693)	---
Exploration expensed	(823,373)	(1,568,157)
Impairment (a)	(1,625,527)	(9,549,838)
Reclassification to assets held for sale (b)	(850,000)	---
Deferred exploration and evaluation expenditure	**1,788,985**	**3,209,997**
Net Carrying amount at 30 June	**4,017,625**	**5,438,637**

(a) As at 30 June 2015 the Group undertook a review of the carrying value of each area of interest. As a result, the carrying value of deferred exploration, evaluation and development expenditure in the Statement of Financial Position for the Walhalla Exploration Project in Victoria and tenements E28/2016, E28/1298, E28/1345 and E28/1531 in Western Australia, as at 30 June 2015, were impaired by $1,625,527 due to analysis performed by management indicating that the capitalised exploration on an area of interest would not be recoverable by the Company as successful future development is not expected.

(b) As a result of the consideration in the Term Sheet the directors considered the reclassification of the carrying value to Assets Held for Sale as appropriate. Refer to Note 20 subsequent events after balance date for further information.

11 SHARE BASED PAYMENTS

Orion Gold NL option and performance rights plan

The Group has an Option and Performance Rights Plan (**OPRP**) for the granting of options or performance rights to employees.

The directors consider it desirable to maintain an option and performance rights plan under which selected employees and executives of the Company may be offered the opportunity to participate in the issue of options in the Company in order to increase the range of potential incentives and to strengthen links between the Company, its directors and employees.

Options and rights issued under the OPRP will vest when both the following conditions have been met:

(i) the employee continues to be an employee in the service of the Group; and
(ii) when the employee has completed at least one full year of employment.

Other relevant terms and conditions applicable to options and rights granted under the OPRP are determined by the Board in its discretion with respect to that option at the time of grant of that option. Upon exercise, these options will be settled in ordinary shares of the Company. Each option gives the option holder the right to subscribe for one ordinary share in the capital of the Company.

Set out below are summaries of options granted to directors, employees and contractors either under the Company's OPRP approved by shareholders or on exercise of discretion by the Board and approved by shareholders at a General Meeting of shareholders:

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

11 SHARE BASED PAYMENTS (continued)

Grant date	Expiry date	Exercise price	Balance at start of the year (i)	Granted during the year (vi)	Exercised during the year	Expired during the year (v)	Forfeited during the year	Balance at end of the year	Exercisable at end of the year
Consolidated – 2015									
30-Jun-09	31-Jul-14	$0.40	625,000	---	---	(625,000)	---	---	---
13-Sep-10	30-Jun-15	$1.60	50,000	---	---	(50,000)	---	---	---
13-Sep-10	30-Jun-15	$0.00	10,625	---	---	(10,625)	---	---	---
8-Jul-13	30-Apr-18	$0.15	1,000,000	---	---	---	---	1,000,000	1,000,000
8-Jul-13	30-Apr-18	$0.25	1,000,000	---	---	---	---	1,000,000	1,000,000
8-Jul-13	30-Apr-18	$0.35	1,000,000	---	---	---	---	1,000,000	---
8-Jul-13	31-May-18	$0.15	7,000,000	---	---	---	---	7,000,000	---
8-Jul-13	31-May-18	$0.25	7,000,000	---	---	---	---	7,000,000	7,000,000
8-Jul-13	31-May-18	$0.35	7,000,000	---	---	---	---	7,000,000	---
3-Oct-13	31-May-18	$0.15	2,000,000	---	---	---	---	2,000,000	---
3-Oct-13	31-May-18	$0.25	2,000,000	---	---	---	---	2,000,000	2,000,000
3-Oct-13	31-May-18	$0.35	2,000,000	---	---	---	---	2,000,000	---
12-Dec-14 (J)	30-Nov-19	$0.045	---	250,000	---	---	---	250,000	---
12-Dec-14 (K)	30-Npv-19	$0.06	---	250,000	---	---	---	250,000	---
Total			**30,685,625**	**500,000**	---	**(685,625)**	---	**30,500,000**	**11,000,000**
Weighted average exercise price			**$0.255**	**$0.053**	---	**$0.481**	---	**$0.246**	**$0.20**

The fair values of the options are estimated at the date of grant using the Black Scholes option pricing model. The following table outlines the assumptions made in determining the fair value of the options granted during the year ended 30 June 2015.

	(J)	(K)
Dividend yield (%)	---	---
Expected volatility (%)	100%	100%
Risk-free interest rate (%)	2.86%	2.86%
Expected life of option (years)	4.97	4.97
Option exercise price	$0.045	$0.06
Share price at grant date	$0.03	$0.03

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

11 SHARE BASED PAYMENTS (continued)

Grant date	Expiry date	Exercise price	Balance at start of the year (i)	Granted during the year (vi)	Exercised during the year	Expired during the year (v)	Forfeited during the year	Balance at end of the year	Exercisable at end of the year
Consolidated – 2014									
12-Jun-09	31-Mar-14	$0.40	500,000	---	---	(500,000)	---	---	---
24-Jun-09	31-Mar-14	$0.40	1,000,000	---	---	(1,000,000)	---	---	---
30-Jun-09	31-Jul-14	$0.40	625,000	---	---	---	---	625,000	625,000
13-Sep-10	30-Jun-15	$1.60	50,000	---	---	---	---	50,000	50,000
13-Sep-10	30-Jun-15	$0.00	10,625	---	---	---	---	10,625	10,625
8-Jul-13(iii)(D)	30-Apr-18	$0.15	---	1,000,000	---	---	---	1,000,000	1,000,000
8-Jul-13(iii)(E)	30-Apr-18	$0.25	---	1,000,000	---	---	---	1,000,000	1,000,000
8-Jul-13(iii)(F)	30-Apr-18	$0.35	---	1,000,000	---	---	---	1,000,000	---
8-Jul-13(ii)(A)	31-May-18	$0.15	---	7,000,000	---	---	---	7,000,000	7,000,000
8-Jul-13(ii)(B)	31-May-18	$0.25	---	7,000,000	---	---	---	7,000,000	---
8-Jul-13(ii)(C)	31-May-18	$0.35	---	7,000,000	---	---	---	7,000,000	---
3-Oct-13(iv)(G)	31-May-18	$0.15	---	2,000,000	---	---	---	2,000,000	2,000,000
3-Oct-13(iv)(H)	31-May-18	$0.25	---	2,000,000	---	---	---	2,000,000	---
3-Oct-13(iv)(I)	31-May-18	$0.35	---	2,000,000	---	---	---	2,000,000	---
Total			**2,185,625**	**30,000,000**	---	**(1,500,000)**	---	**30,685,625**	**11,685,625**
Weighted average exercise price			**$0.43**	**$0.25**	---	**$0.40**	---	**$0.26**	**$0.18**

(i) In accordance with the terms of the options and performance rights, following the 1:40 consolidation of shares that occurred in December 2012, the number of options and performance rights issued prior to December 2012 were consolidated in the same 1:40 ratio as the ordinary capital.
(ii) On 8 July 2013, the Company issued 15,000,000 options to Mr Errol Smart and 6,000,000 options to Mr Denis Waddell as approved by the Company's shareholders at a general meeting held on 13 June 2013.
(iii) On 8 July 2013, the Company issued 3,000,000 options to Mr Martin Bouwmeester as approved by the Company's shareholders at a general meeting held on 13 June 2013.
(iv) On 3 October 2013, the Company issued 3,000,000 options to Mr William Oliver under the terms of the OPRP. On 3 October 2013, the Company issued 3,000,000 options to employees of the Company under the terms of the OPRP.
(v) 1,500,000 options exercisable at $0.40 expired on 31 March 2014.
(vi) The fair values of the options are estimated at the date of grant using the Black Scholes option pricing model. The following table outlines the assumptions made in determining the fair value of the options granted during the year ended 30 June 2014.

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Dividend yield (%)	---	---	---	---	---	---	---	---	---
Expected volatility (%)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Risk-free interest rate (%)	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%	2.86%
Expected life of option (years)	4.90	4.90	4.90	4.81	4.81	4.81	4.66	4.66	4.66
Option exercise price ($0.00)	$0.15	$0.25	$0.35	$0.15	$0.25	$0.35	$0.15	$0.25	$0.35
Share Price at grant date ($0.00)	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04	$0.10	$0.10	$0.10

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

11 SHARE BASED PAYMENTS (continued)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense was $191,500 (2014: $666,295).

The weighted average contractual life for the share options outstanding as at 30 June 2015 is between 1 and 4 years (2014: 1 and 4 years).

12 TRADE AND OTHER PAYABLES

	2015 $	2014 $
Current		
Trade payables	255,664	600,204
Accruals	142,677	116,625
	398,341	**716,829**

Trade payables are non-interest bearing and are normally settled on 30 – 60 day terms. For terms and conditions relating to Related Parties refer to Note 19.

13 PROVISIONS

	2015 $	2014 $
Current		
Rehabilitation	---	---
Employee benefits - annual leave	24,359	47,565
	24,359	**47,565**
Non-current		
Employee benefits - long service leave	19,770	27,735
	19,770	**27,735**
Total	**44,129**	**75,300**

14 ISSUED CAPITAL AND RESERVES

	2015 $	2014 $
Ordinary fully paid shares	73,455,912	71,615,286
Contributing shares	2,351	2,351
	73,458,263	**71,617,637**

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

14 ISSUED CAPITAL AND RESERVES (continued)

The following movements in issued capital occurred during the reporting period:

	Number of Shares	Issue Price	$
Ordinary fully paid shares			
Opening balance at 1 July 2014	242,993,740	---	71,615,286
Issue of ordinary fully paid shares – placement	822,666	$0.045	37,020
Issue of ordinary fully paid shares – Entitlements Issue	61,549,243	$0.030	1,846,477
Issue of ordinary fully paid shares – in lieu of fees	262,333	$0.030	7,870
Less: Issue costs	---	---	(50,741)
Closing balance at 30 June 2015	**305,627,982**		**73,455,912**
Contributing Shares			
Opening balance at 1 July 2014	58,775		2,351
Closing balance at 30 June 2015	**58,775**		**2,351**

The following movements in issued capital occurred during the prior period:

	Number of Shares	Issue Price	$
Ordinary fully paid shares			
Opening balance at 1 July 2013	127,709,686	---	63,668,556
Issue of ordinary fully paid shares – loan (i)	1,000,000	---	---
Issue of ordinary fully paid shares	12,040,086	$0.06	722,405
Issue of ordinary fully paid shares	17,440,000	$0.10	1,744,000
Issue of ordinary fully paid shares – in lieu of directors fees	1,041,667	$0.10	104,167
Issue of ordinary fully paid shares	25,678,300	$0.10	2,567,830
Issue of ordinary fully paid shares	15,800,000	$0.07	1,106,000
Issue of ordinary fully paid shares – share purchase plan	40,011,096	$0.045	1,800,500
Issue of ordinary fully paid shares – Silja loan (ii)	2,272,905	$0.045	102,281
Less: Issue costs	---	---	(200,453)
Closing balance at 30 June 2014	**242,993,740**		**71,615,286**
Contributing Shares			
Opening balance at 1 July 2013	58,775		2,351
Closing balance at 30 June 2014	**58,775**		**2,351**

(i) On 8 July, 2013 Mr Smart was issued with fully paid ordinary shares per a non-recourse loan agreement. The carrying amount is recorded in Share Based Payments Reserve calculated at fair value.

(ii) As approved at a General Meeting of shareholders held on 23 May 2014, the Company issued 2,272,905 ordinary fully paid shares in the Company on 23 June 2014, at $0.045 per Share to Silja, thereby capitalising $102,281 which was the total amount of the loan facility owed by the Company to Silja. Further details in relation to the loan facility are set out in Note 15.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

14 ISSUED CAPITAL AND RESERVES (continued)

	2015 $	2014 $
Contributing shares		
Partly paid to 4 cents (396 cents outstanding)	2,351	2,351

	2014 Quantity	2014 $
Movement in contributing shares for the year ended 30 June 2014		
Opening balance (1 July 2013)	58,775	2,351
Closing balance (30 June 2014)	**58,775**	**2,351**

	2015 Quantity	2015 $
Movement in contributing shares for the year ended 30 June 2015		
Opening balance (1 July 2014)	58,775	2,351
Closing balance (30 June 2015)	**58,775**	**2,351**

	2015 $	2014 $
Share based payments reserve	**1,044,774**	**1,127,575**

The following movements in the share based payments reserve occurred during the period:

	$
Opening balance at 1 July 2013	1,461,773
Share based payments expense	666,295
Unlisted share options expired and transferred to accumulated losses (i)	(515,899)
Obligation on acquisition – Creasy Group (iii)	237,811
Obligation on acquisition – Kamax Resources Ltd (ii)	(722,405)
Closing balance at 30 June 2014	**1,127,575**
Share based payments expense (i)	191,500
Unlisted share options expired and transferred to accumulated losses (i)	(274,301)
Closing balance at 30 June 2015	**1,044,774**

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

14 ISSUED CAPITAL AND RESERVES (continued)

Nature and purpose of reserves

Employee benefits
The employee share option and share plan reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 11 for further details of these plans.

(i) During the year, previously recognised share based payment transactions for options which had vested but subsequently expired were transferred to accumulated losses.

The group has an option and performance rights plan for granting of options or performance rights to employees. Outlined below is a summary of options issued during the year ended 30 June 2015 to employees under the plan:

Employees entitled	Number of options	Grant date	Vesting date	Expiry date
Employees	250,000	12/12/2014	30/09/2015	30/11/2019
Employees	250,000	12/12/2014	30/09/2016	30/11/2019
Total	**500,000**			

The following options to subscribe for ordinary fully paid shares expired during the year:

Class	Number of options	Expiry date	Exercise price
Unlisted options	625,000	31/07/2014	$0.40
Unlisted options	6,000,000	31/07/2014	$0.15
Unlisted options	50,000	30/06/2015	$1.60
Unlisted performance rights	10,625	30/06/2015	---
Total	**6,685,625**		

Share based payments acquisition consideration

(ii) Kamax acquisition

On 13 June 2013, the Company obtained shareholder approval for the issue of the Company's shares and options to Kamax security holders in consideration for their Kamax securities. The Company obtained control of Kamax at this date as the outstanding conditions precedent at the time were considered administrative in nature, and the Company deemed management took control of the assets on 13 June 2013. The acquisition was therefore recognised on 13 June 2013.

On 22 July 2013, the Company announced that all conditions precedent to the completion of the acquisition of Kamax had been met to the satisfaction of the Company. As a result, on 22 July 2013 the Company issued Kamax security holders a total of 12,040,086 fully paid ordinary shares in the Company and 12,040,086 unlisted options in the Company (exercisable at 20 cents at any time until 30 April 2014). As a result, the $722,405 attributable to these shares was transferred to share capital when issued.

(iii) Creasy acquisition

On 5 August 2013, the Company announced it had signed a binding Term Sheet with entities controlled by the Creasy Group to acquire a 70% interest in seven tenements covering 2,628km2 of the northern Fraser Range Belt of Western Australia (named the Plumridge Lakes Project) surrounding the Company's Peninsula Project (**Acquisition**). The terms of the Term Sheet were subsequently varied by agreement between the parties, as announced on 21 August 2013.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

14 ISSUED CAPITAL AND RESERVES (continued)

On 26 September 2013, the Company obtained shareholder approval for the issue of Orion Gold NL shares and options to the Creasy Group in consideration for the Acquisition, subject to the completion of due diligence by the Company. On 23 December 2013 the Company issued the Creasy Group a total of 15,800,000 fully paid ordinary shares and 23,000,000 unlisted options on the following terms:

Number of options	Exercise price	Expiry date
5,000,000	$0.20	30/04/2014
6,000,000	$0.15	31/07/2014
6,000,000	$0.25	31/07/2015
6,000,000	$0.35	31/07/2016

The fair value of the options issued to Kamax and Creasy Group security holders on acquisition were measured based on the Black-Scholes option pricing model. Expected volatility is estimated by considering historical volatility of the Company's share price over the period commensurate with the expected term.

	Kamax acquisition	Creasy acquisition
Dividend yield (%)	---	---
Expected volatility (%)	100%	100%
Risk-free interest rate (%)	2.86%	2.86%
Expected life of option (years)	0.9	0.35 – 2.6
Option exercise price ($0.00)	$0.20	$0.15 - $0.35
Share price at grant date ($0.00)	$0.06	$0.07

15 LOAN

On 30 July 2015, the Company announced that it had finalised loan agreements with two of its major shareholders for a total of $1,000,000.

The proceeds from the Facilities will be used to progress ongoing exploration work being undertaken at the Company's Connors Arc Epithermal Gold-Silver Project in Queensland and Fraser Range Nickel-Copper Project in WA, as well as for working capital purposes.

Under the terms of the Facilities, the Company may elect to convert cash drawn down under the Facilities into Orion shares, subject to shareholder approval where required by law, including the ASX listing rules (**Approvals**). In certain circumstances, including where the Company elects to repay the Facilities in cash, or announces a proposed capital raising, the financiers can elect to convert cash drawn down under the Facilities into shares subject to Approvals.

Any shares issued to Silja and Tarney upon conversion will be issued at the lowest price at which the Company issues any shares or announces to the ASX its intent to issue shares under a capital raising, between the date of the Facilities and the date that an election is made by the Company or the financiers to convert cash drawn down under the Facilities into Orion shares. Should the Company not issue shares under a capital raising during this period, any shares issued to Silja and Tarney upon conversion will be issued at the volume weighted average price of Orion shares as traded on the ASX in the ten trading days prior to the issue of shares to Silja and Tarney.

The term of the Facilities is 31 December 2015 (unless otherwise agreed by the parties).

Silja and Tarney each have the discretion as to whether to make an advance to the Company upon receipt of each draw-down notice. No interest or facility fees are payable by the Company to either Silja or Tarney and no capital raising fee would be payable by the Company to Silja or Tarney where it subscribes for its share allocation in a capital raising. The Silja facility is secured against all present and after-acquired property of the Company.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

15 LOAN (continued)

In order to draw on either of the Facilities, the Company must meet certain conditions precedent including certain persons remaining directors of the Company. To date, the Company has not drawn on the Tarney Facility. The Silja Facility has a loan balance of $140,000 as a result of an agreement between the Company and Silja to transfer the amount that the Company drew down under the Silja loan facility announced to the ASX on 26 August 2014 and which expired on 30 June 2015, to the Silja Facility.

As at 30 June 2015, the balance of the Facilities was $140,000 (30 June 2014: $nil). Interest expense accrued as at 30 June 2015 was $13,034 (30 June 2014: $nil). Interest expense recognised in the consolidated statement of comprehensive income for the year ended 30 June 2015 was $15,583 (2014: $4,002). As at 30 June 2015 and at reporting date, Silja retained a fixed and floating charge over the assets of the Company. Refer to Note 19 for further detail.

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

Overview
The Group has exposure to the following risks from its use of financial instruments:
- Market risk.
- Credit risk.
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's principal financial instruments are cash, short-term deposits, receivables, loan and payables.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income and expenses or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Equity price risk
The Group is currently not subject to equity price risk movement.

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the Group uses. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and investment decisions are governed by the monetary policy. During the year, the Group had no variable rate interest bearing liability.

It is the Group's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

Consolidated - 30 June 2015	Weighted average interest rate	Floating interest rate $	Fixed interest rate maturing in 1 Year or less $	Non-interest bearing $	Total $
Financial assets:					
Cash on hand and at bank	1.01%	116,979	---	1,300	118,279
Trade and other receivables	3.02%	---	371,117	11,658	382,775
Total		**116,979**	**371,117**	**12,958**	**501,054**
Financial liabilities:					
Loan	7.50%	---	140,000	---	140,000
Trade and other payables	15.50%	7,291	---	391,050	398,341
Total		**7,291**	**140,000**	**391,050**	**538,341**

Consolidated - 30 June 2014	Weighted average interest rate	Floating interest rate $	Fixed interest rate maturing in 1 Year or less $	Non-interest bearing $	Total $
Financial assets:					
Cash on hand and at bank	2.60%	875,758	---	---	875,758
Trade and other receivables	3.93%	---	395,272	115,319	510,591
Total		**875,758**	**395,272**	**115,319**	**1,386,349**
Financial liabilities:					
Trade and other payables	---	---	---	716,829	716,829
Total		**---**	**---**	**716,829**	**716,829**

<u>Fair value sensitivity analysis for variable rate instruments</u>
The Group is not materially exposed to changes in market interest rates. A 1% variation in interest rates would result in interest revenue changing by $1,000 (2014: $9,000) based on year-end cash balances, and $nil (2014: $nil) based on year-end security bonds and deposits balances, assuming all other variables remain unchanged.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Group does not presently have customers and consequently does not have credit exposure to outstanding receivables. Trade and other receivables represent GST refundable from the Australian Taxation Office and security bonds and deposits. Trade and other receivables are neither past due nor impaired.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Refer to Note 2(a) for a summary of the Group's current plans for managing its liquidity risk.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The following are the contractual maturities of financial liabilities:

Consolidated - 30 June 2015	Carrying amount $	Contractual cash flows $	1 year or less $	2 – 5 years $
Trade and other payables	398,341	398,341	398,341	---
Loan	140,000	140,000	140,000	---
	538,341	**538,341**	**538,341**	**---**

Consolidated - 30 June 2014	Carrying amount $	Contractual cash flows $	1 year or less $	2 – 5 years $
Trade and other payables	716,829	716,829	716,829	---
	716,829	**716,829**	**716,829**	**---**

Fair value of financial assets and liabilities
The fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the Group is equal to their carrying value.

Foreign currency risk
The Group's exposure to currency risk is minimal at this stage of the operations.

Commodity price risk
The Group's exposure to price risk is minimal at this stage of the operations.

Capital management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The management of the Group's capital is performed by the Board.

The Board manages the Group's liquidity ratio to ensure that it meets its financial obligations as they fall due and specifically allowing for the expenditure commitments for its mining tenements to ensure that the Group's main assets are not at risk.

Refer to Note 2(a) for a summary of the Group's current plan for managing its going concern.

None of the Group's entities are subject to externally imposed capital requirements.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

17 FINANCIAL INSTRUMENTS

Fair value hierarchy

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2015, the Group does not have any current financial assets or liabilities that fall within the fair value hierarchy.

In order to determine the fair value of such debt securities, management use a valuation technique in which all significant inputs were based on observable market data. There have been no transfers in either direction during the year ended 30 June 2015 (2014: no transfers in either direction).

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown on the Statement of Financial Position, are as follows:

		Carrying amount		Fair value	
		2015 $	2014 $	2015 $	2014 $
CONSOLIDATED	**Notes**				
Financial assets					
Cash on hand	6	1,300	---	1,300	---
Cash – floating rate interest	6	116,979	875,758	116,979	875,758
Total cash and cash equivalents		118,279	875,758	118,279	875,758
Trade receivables – current	7	191,658	115,319	191,658	115,319
Trade receivables – non current interest bearing	7	191,117	395,272	191,117	395,272
Total receivables		382,775	510,591	382,775	510,591
Total financial assets		**501,054**	**1,386,349**	**501,054**	**1,386,349**
Financial liabilities					
Trade payables - interest bearing	12	(7,291)	---	(7,291)	---
Trade payables - non interest bearing	12	(391,050)	(716,829)	(391,050)	(716,829)
Loan	15	(140,000)	---	(140,000)	---
Total payables		(538,341)	(716,829)	(538,341)	(716,829)
Net financial assets		**(37,287)**	**669,520**	**(37,287)**	**669,520**

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED 30 JUNE 2015

18 COMMITMENTS AND CONTINGENCIES

Rental property commitments
The Group has entered into a commercial lease for office space in Melbourne, Victoria, for one year (expiring August 2015).

There are no restrictions placed upon the lessee by entering into these leases apart from the 12 month commitment from the agreement dates.

Future minimum rentals payable under non-cancellable commercial leases as at 30 June are as follows:

	2015 $	2014 $
Within one year	2,701	25,910
After one year but not more than five years	---	---
More than five years	---	---
	2,701	**25,910**

Guarantees
The Company has the following bonds at 30 June 2015:
- The Group has negotiated bank guarantees in favour of rental agreements. The total of these guarantees at 30 June 2015 was $3,117 (2014: $12,925).

Tenement commitments – Australia
The Group has a portfolio of tenements located in Western Australia, Queensland and Victoria, which all have a requirement for a certain level of expenditure each and every year in addition to annual rental payments for the tenements. Future minimum expenditure commitments as at 30 June are as follows:

	2015 $	2014 $
Within one year	1,570,800	1,312,500
After one year but not more than five years	6,528,300	5,129,000
More than five years	---	---
	8,099,100	**6,441,500**

Guarantees
The Company has the following contingent liabilities at 30 June 2015:
- The Group has negotiated bank guarantees in favour of the Victorian Government for rehabilitation obligations of mining tenements. The total of these guarantees at 30 June 2015 was $250,000 (2014: $265,000). The Group has sufficient term deposits to cover the outstanding guarantees.
- It has guaranteed to cover the directors and officers in the event of legal claim against the individual or as a group for conduct which is within the Company guidelines, operations and procedures.

Provision for rehabilitation
The state government regulations in the various states in which the Group operates require rehabilitation of drill sites including any other sites where the Group has caused surface and ground disturbance. The costs are not of a material nature and vary across disturbance sites. To date rehabilitation has taken place on drill sites as drill rigs are moved as part of the exploration program when drilling in a particular area of interest is complete or not active for an extended period of time due to other drilling project priorities.

As part of the Group's environmental policy exploration and access sites are regenerated to match or exceed local government and state government expectations. The costs are not considered to be material by the group however this policy will be reviewed as exploration and development activities increase as the Company moves closer towards commercial production.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

19 RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of the Company and the subsidiary's listed in the following table.

	Country of incorporation	Equity interest 2015 %	Equity interest 2014 %	Investment 2015 $	Investment 2014 $
Goldstar Resources (WA) Pty Ltd	Australia	100	100	1	1
Kamax Resources Limited	Australia	100	100	778,823	778,823

Orion Gold NL is the ultimate Australian parent entity incorporated in Australia.

Subsidiaries

An inter-company loan exists between Orion Gold NL (parent) and:

(i) Goldstar Resources (WA) Pty Ltd (subsidiary) of $1,946,300 (2014: $1,946,300). A provision for impairment of $1,946,300 (2014: $1,946,300) has been recognised in relation to this loan;

(ii) Kamax Resources Limited (subsidiary) of $2,118,108 (2014: $1,983,546). A provision for impairment of $nil (2014: $nil) has been recognised in relation to this loan.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made at both market prices and normal commercial terms. Refer to remuneration report and Note 21 for transactions with key management personnel.

Consolidated related parties	Transaction	Transactions value 2015 $	Transactions value 2014 $	Balance outstanding 2015 $	Balance outstanding 2014 $
Nil	Nil	---	---	---	---
Total		**---**	**---**	**---**	**---**

Other related party transactions

Entitlements issue underwriting

During the year, the Company undertook an Entitlements Issue which was partially underwritten to an aggregate amount of $1,000,000. Underwriters included entities associated with Directors of the Company, details of which are set out below:

- Tarney (a company controlled by the Company's Chairman, Denis Waddell) underwrote up to a value of $500,000 (being up to 16,666,667 shares); and
- Mr Errol Smart (a Director of the Company) underwrote up to a value of $100,000 (being up to 3,333,334 shares).

No underwriting fees were paid to Tarney or Mr Smart pursuant to the underwriting agreements, which were otherwise on standard commercial terms.

At the completion of the Entitlements Issue, the Company issued 16,666,667 shares to Tarney and 3,333,334 shares to Mr Smart at an issue price of $0.03 per share.

Loan facilities

On 26 August 2014, the Company announced that it had finalised two loan agreements together totalling $350,000. A $200,000 loan facility was agreed with Tarney (**Tarney Facility**) and a $150,000 loan facility was agreed with Silja, the Company's major shareholder (**Silja Loan**) (together the **Facilities**). The Facilities were later increased to a maximum limit of $850,000. Silja ($350,000) and Tarney ($500,000) agreed not to demand payment of the Facilities until the completion of at least a $2,000,000 capital raising. Interest under the Facilities is capitalised at 7.5% per annum. No facility fees are payable by the Company to either Tarney or Silja. The purpose of the Facilities was to enable the Company to continue with exploration activities whilst the Entitlements Issue was being completed.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

19 RELATED PARTY DISCLOSURE (continued)

The $500,000 Tarney Facility formed the basis of Tarney agreeing to underwrite $500,000 of the Entitlement Issue and as such, the Company and Tarney agreed to amend the terms of conversion of the outstanding capitalised loan balance under the Tarney Facility. Under the terms of the amended Tarney Facility, any Entitlements Issue shortfall amount required to be taken up by Tarney would be offset against the capitalised loan balance based on the issue of shortfall shares at $0.03 per share, being the price of Shares to be issued under the Entitlements Issue.

At the conclusion of the Entitlements Issue the Company issued 16,666,667 shares to Tarney (refer above) of which 6,666,667 shares were applied to offset Tarney's loan balance of $200,000. The Tarney Facility expired on 31 December 2014.

On 30 July 2015, the Company announced that it had finalised loan agreements with two of its major shareholders for a total of $1,000,000.

The proceeds from the Facilities will be used to progress ongoing exploration work being undertaken at the Company's Connors Arc Epithermal Gold-Silver Project in Queensland and Fraser Range Nickel-Copper Project in WA, as well as for working capital purposes.

Under the terms of the Facilities, the Company may elect to convert cash drawn down under the Facilities into Orion shares, subject to shareholder approval where required by law, including the ASX listing rules (**Approvals**). In certain circumstances, including where the Company elects to repay the Facilities in cash, or announces a proposed capital raising, the financiers can elect to convert cash drawn down under the Facilities into shares subject to Approvals.

Any shares issued to Silja and Tarney upon conversion will be issued at the lowest price at which the Company issues any shares or announces to the ASX its intent to issue shares under a capital raising, between the date of the Facilities and the date that an election is made by the Company or the financiers to convert cash drawn down under the Facilities into Orion shares. Should the Company not issue shares under a capital raising during this period, any shares issued to Silja and Tarney upon conversion will be issued at the volume weighted average price of Orion shares as traded on the ASX in the ten trading days prior to the issue of shares to Silja and Tarney.

The term of the Facilities is 31 December 2015 (unless otherwise agreed by the parties).

Silja and Tarney each have the discretion as to whether to make an advance to the Company upon receipt of each draw-down notice. No interest or facility fees are payable by the Company to either Silja or Tarney and no capital raising fee would be payable by the Company to Silja or Tarney where it subscribes for its share allocation in a capital raising. The Silja facility is secured against all present and after-acquired property of the Company.

In order to draw on either of the Facilities, the Company must meet certain conditions precedent including certain persons remaining directors of the Company. To date, the Company has drawn $150,000 on the Tarney Facility. The Silja Facility has a loan balance of $140,000 as a result of an agreement between the Company and Silja to transfer the amount that the Company drew down under the Silja loan facility announced to the ASX on 26 August 2014 and which expired on 30 June 2015, to the Silja Facility.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

20 SUBSEQUENT EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years except for those matters referred to below:

Loan Facilities

On 30 July 2015, the Company announced that it had finalised loan agreements with two of its major shareholders for a total of $1,000,000.

A $500,000 loan facility has been agreed with Silja, the Company's largest shareholder, and a $500,000 loan facility has been agreed with Tarney, a company associated with the Company's Chairman, Mr Denis Waddell (together the **Facilities**).

The proceeds from the Facilities will be used to progress ongoing exploration work being undertaken at the Company's Connors Arc Epithermal Gold-Silver Project in Queensland and Fraser Range Nickel-Copper Project in Western Australia, as well as for working capital purposes.

Under the terms of the Facilities, the Company may elect to convert cash drawn down under the Facilities into the Company shares, subject to shareholder approval where required by law, including the ASX listing rules (**Approvals**). In certain circumstances, including where the Company elects to repay the Facilities in cash, or announces a proposed capital raising, the financiers can elect to convert cash drawn down under the Facilities into shares subject to Approvals.

Any shares issued to Silja and Tarney upon conversion will be issued at the lowest price at which the Company issues any shares or announces to the ASX its intent to issue shares under a capital raising, between the date of the Facilities and the date that an election is made by the Company or the financiers to convert cash drawn down under the Facilities into the Company shares. Should the Company not issue shares under a capital raising during this period, any shares issued to Silja and Tarney upon conversion will be issued at the volume weighted average price of the Company shares as traded on the ASX in the ten trading days prior to the issue of shares to Silja and Tarney.

The term of the Facilities is 31 December 2015 (unless otherwise agreed by the parties).

Silja and Tarney each have the discretion as to whether to make an advance to the Company upon receipt of each draw-down notice. No interest or facility fees are payable by the Company to either Silja or Tarney and no capital raising fee would be payable by the Company to Silja or Tarney where it subscribes for its share allocation in a capital raising. The Silja facility is secured against all present and after-acquired property of the Company.

In order to draw on either of the Facilities, the Company must meet certain conditions precedent including certain persons remaining directors of the Company. As at the date of this Report, the Company has drawn $200,000 against the Tarney Facility. The Silja Facility has a loan balance of $140,000 as a result of an agreement between the Company and Silja to transfer the amount that the Company drew down under the Silja loan facility announced to the ASX on 26 August 2014 and which expired on 30 June 2015, to the Silja Facility.

Option Agreement – Business Development

On 30 July 2015, the Company announced that it had executed a term sheet agreement with unrelated vendors providing it with an exclusive right to carry out due diligence and work towards completing a comprehensive option agreement within 90 days that may ultimately allow it to acquire a South African-based holding company with advanced gold and base metal assets.

The completion of this option agreement will give the Company a further nine months to undertake comprehensive due diligence before having the right to purchase the holding company, whose subsidiaries hold interests in a portfolio of epithermal and VMS metal occurrences in South Africa.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

20 SUBSEQUENT EVENTS AFTER THE BALANCE DATE (continued)

The vendors have carried out exploration, including drilling, on these properties. The Company has the right to terminate the term sheet agreement with the vendors at any time, with no further obligations. An option fee of ZAR 50,000 (approximately $5,500) per month will be payable during the 90 day period that the Company works towards completing a comprehensive option agreement or until the Company elects to terminate the term sheet agreement.

A1 Gold Agreement

On 11 August 2015, the Company announced that it had entered into a binding term sheet (**Term Sheet**) with A1 Gold for A1 Gold to acquire the Company's Walhalla Project mining tenement 5487 (**Tenement**) in Victoria, which includes the Eureka and Tubal Cain deposits, for total consideration of $850,000.

Key terms of the Term Sheet are:

- $50,000 cash payment;
- $300,000 consideration through the issue of 7,816,285 fully paid ordinary A1 Gold shares (**A1 Gold Shares**) at the volume average weighted price (**VWAP**) of the A1 Gold Shares as traded on the ASX in the ten trading days prior to 7 August 2015 ($0.03838). The A1 Gold Shares will be issued to the Company on Completion Date (no later than 30 November 2015) and shall not be subject to escrow;
- 2% royalty on net smelter returns from the sale of gold recovered and sold by A1 Gold from the Tenement (**NSR**) to a value of $500,000. In addition, A1 Gold has granted the Company a put option whereby the Company can at any time following a period of 36 months from the date of the Term Sheet, require A1 Gold to purchase the NSR at a price equal to $500,000 less any NSR paid in accordance with the Term Sheet (**NSR Consideration**). The Company can elect to receive the NSR Consideration as cash or A1 Gold Shares issued to the Company at the VWAP of the A1 gold Shares as traded on the ASX in the ten trading days prior to the date of issue;
- On or prior to Completion Date, A1 Gold is required to replace the $180,000 rehabilitation bond that the Company has on deposit with the Department of Economic Development, Jobs, Transport and Resources (**DEDJTR**); and
- The Company will retain its Walhalla Project exploration tenements and retention licence applications, enabling the Company to continue to explore for gold, copper, nickel and PGEs.

The acquisition of the Tenement by A1 Gold is subject to the grant of consents required under the Mineral Resources (Sustainable Development) Act.

21 AUDITORS' REMUNERATION

	2015 $	2014 $
Amounts received or due and receivable by RSM Bird Cameron for:		
An audit or review of the financial report of the Company and any other entity in the Group	27,000	---
Other services in relation to the Company and any other entity in the Group		
(a) tax compliance	12,550	21,410
(b) other advisory	---	---
	39,550	21,410
Amounts received or due and receivable by auditors other than RSM Bird Cameron for:		
An audit or review of the financial report	---	64,300
	39,550	85,710

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

22 KEY MANAGEMENT PERSONNEL

(a) Key management personnel compensation

The key management personnel compensation included in administration expenses and exploration and evaluation expenses (Note 3) and deferred exploration, evaluation and development (Note 9) is as follows:

	Consolidated	
	2015	**2014**
	$	**$**
Short-term employee benefits	461,775	751,948
Post-employment benefits	---	---
Termination benefits	---	---
Other long term benefits	---	---
Share-based payments	141,310	538,754
	603,085	**1,290,702**

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report.

(b) Key management personnel and director transaction

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control, joint control or a relevant interest over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

From time to time, Directors of the Group, or their related entities, may provide services to the Group. These services are provided on terms that might be reasonably expected for other parties and are trivial or domestic in nature.

23 SEGMENT REPORTING

The Group had one reportable segment during the period, being mineral exploration (including gold, copper, nickel and PGEs) in Australia, which was the Group's exploration focus. The Managing Director and Chief Executive Officer reviews internal management reports for this exploration area on monthly basis.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

24 PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2015 the parent company of the Group was Orion Gold NL.

	Company	
	2015 $	2014 $
Result of parent entity		
Loss for the period	(2,374,819)	(12,388,630)
Other comprehensive income	---	---
Total comprehensive income for the period	**(2,374,819)**	**(12,388,630)**
Financial position of parent entity at year end		
Current assets	977,281	941,303
Total assets	6,916,231	7,355,003
Current liabilities	543,975	632,087
Total liabilities	563,746	659,822
Total equity of the parent entity comprising of:		
Issued capital	73,458,263	71,617,637
Accumulated losses	(68,150,551)	(66,050,031)
Other reserves	1,044,774	1,127,575
Total equity	**6,352,486**	**6,695,181**

Parent entity contingencies
The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2015 $	2014 $
Commitments		
Rental property commitments	2,701	25,190
GST liabilities of other entities within the GST group	---	---
Tax liabilities of other entities within the tax consolidated	---	---

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

24 PARENT ENTITY DISCLOSURES (continued)

Parent entity commitments in relation to minimum expenditure on tenements.

	2015 $	2014 $
Tenements		
Minimum expenditure requirement :		
Within one year	1,570,800	693,500
One year later and no later than five years	6,528,300	2,653,000
Later than five years	---	---
Total	**8,099,100**	**3,346,500**

Victorian Tenements

On 11 August 2015, the Company announced that it had entered into a binding Term Sheet with A1 Gold for A1 Gold to acquire the Company's mining tenement MIN 5487 in Victoria, which includes the Eureka and Tubal Cain deposits, for total consideration of $850,000. Refer to Note 20 for further detail.

Contingent liabilities

The Company has issued bank guarantees in respect of its rental agreements and mining tenements. Under the terms of the financial guarantee contracts, the Company will make payments to reimburse the guarantors upon failure of the Company to make payments when due. Refer to Note 18 for further detail.

Directors' Declaration

1 In the opinion of the directors of Orion Gold NL (the Company):

(a) the consolidated financial statements and notes that are set out on pages 21 to 60 and the Remuneration report set out on pages 11 to 18, identified within in the Directors' report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

2 The directors draw attention to Note 2(a) to the consolidated financial statements which the directors have considered in forming their view that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.

4 The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Denis Waddell
Chairman
Perth, Western Australia

25 September 2015

RSM Bird Cameron Partners

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INDEPENDENT AUDITOR'S REPORT

THE MEMBERS OF

ORION GOLD NL

Report on the Financial Report

We have audited the accompanying financial report of Orion Gold NL ("the company"), which comprises the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a)(i), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Orion Gold NL Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Orion Gold NL is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year then ended; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a)(i).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(a)(iii) to the financial statements which indicates that the consolidated entity and company incurred a loss of $3,362,961 and $2,374,819, respectively, for the financial year ended 30 June 2015 (30 June 2014: loss of $12,866,030 and $12,388,631, respectively). The consolidated entity reported combined operating and investing net cash outflows of $2,737,763 for the financial year ended 30 June 2015 (30 June 2014: combined operating and investing net cash outflows of $5,839,314). These conditions, along with other matters as set forth in Note 2(a)(iii), indicate the existence of a material uncertainty which may cast significant doubt about the company and consolidated entity's ability to continue as going concerns and, therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 18 of the directors' report for the financial year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM Bird Cameron Partners

Auditor's Opinion

In our opinion the Remuneration Report of Orion Gold NL for the financial year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Jason Croall

J S CROALL
Partner

Dated: 25 September 2015
Melbourne, Victoria